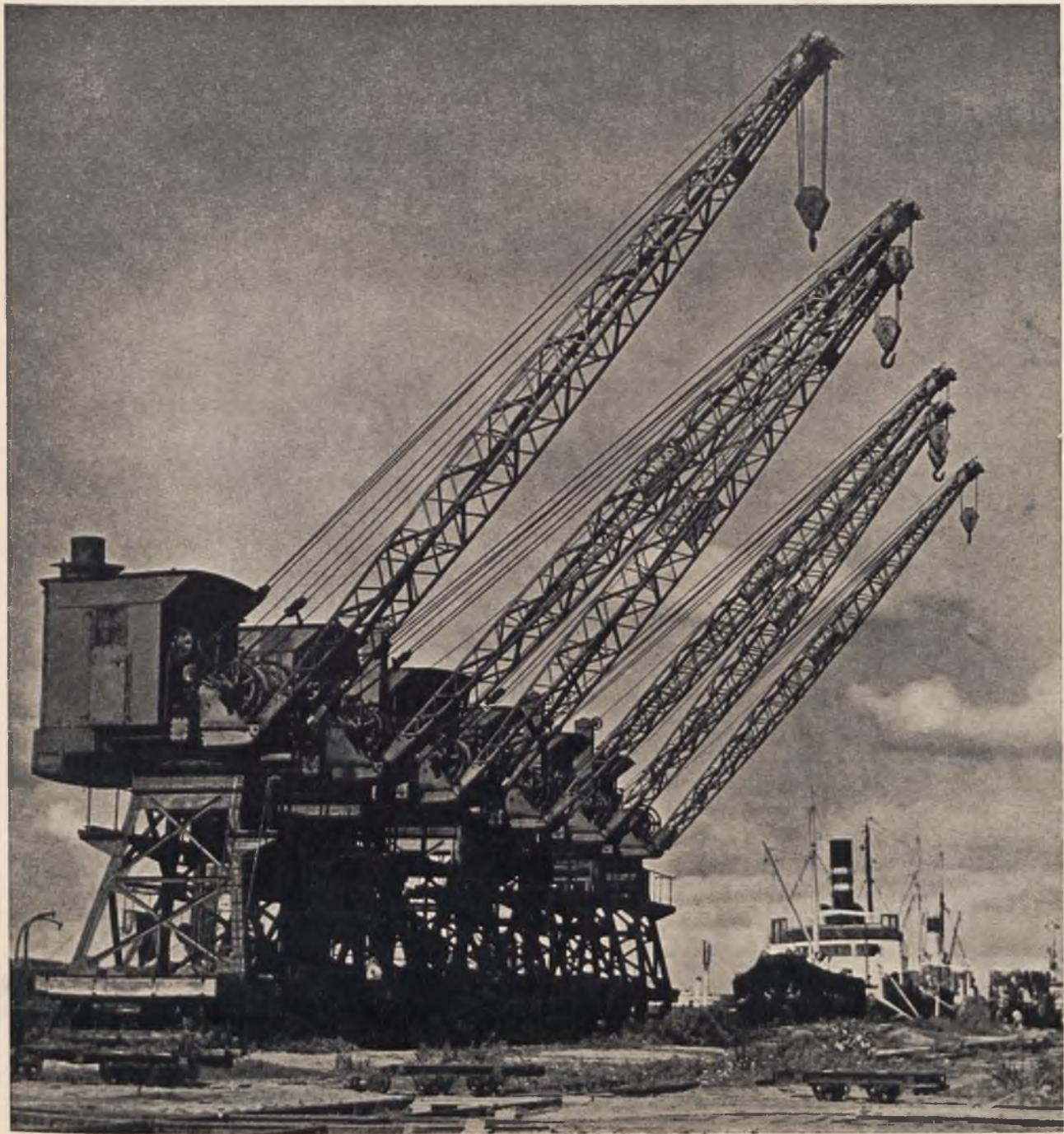


THE POLISH ECONOMIST



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THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

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FEBRUARY and March are usually the most inactive months in the economic life of Poland. During these months the seasonal operations in sugar factories, spirit distilleries, potatoe works — cease, while in the agriculture and in the building trade, the dead period is either still in progress, or the opening season has only just begun. The winter buying season has come to a close, and has not yet been succeeded by that of the spring. In the current year the seasonal depression was made worse by the worldwide downward movement, which has not only affected Poland, but also the neighbouring countries. Nevertheless, in the chief branches of economic life the results for February were satisfactory.

In agriculture the quiet season was characterised by extremely favourable atmospheric conditions for the crops sown last autumn, which are doing better than last year.

In industry the state of employment did not show any material changes, though the number of unemployed rose slightly. All trades, with the exception of coal mining, where a certain depression is noticeable, operated under normal conditions.

Indexes of prices tend to a certain degree of stabilisation, the fluctuations are slight, while the margin between wholesale and retail prices continues to diminish.

The foreign trade figures rose somewhat in February both on the import and export sides, the balance being still favourable. It should be observed that during the last few months, an unfavourable feature, viz. the increase of grain imports has been noticeable, although the home supplies usually cover the local demand. This proves once more that the quantities of grain harvested last year were inadequate. The additional burdening of the foreign trade balance with this adverse item

will have to be reckoned with in forthcoming months, until the harvest period of June and July.

The Bank of Poland collected in February the balances in foreign currencies resulting from exports made in previous most favourable months. Thanks to this circumstance the bullion and foreign

currency reserves rose very considerably. The Złoty was stable throughout the month.

The monthly balance sheet of the Treasury made a good showing, the surpluses in the revenue derived from taxes, monopolies and State undertakings being fairly large.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND
FEBRUARY 1927

	UNIT	FEBRUARY 1926	JANUARY 1927 *)	FEBRUARY 1927
STATE OF EMPLOYMENT: UNEMPLOYED		358.430	251.702	256.392
PRODUCTION: COAL	thousand tons	2.141·9	3.698·0	3.411·0
OIL		61·7	59.127	54.127
IRON		1.707·4	36.671	35.202
AGRICULTURAL INDEXES: (CROP PROSPECTS)				
RYE	(5 points system)	3·2	3·6	3·5
WHEAT		3·2	3·5	3·4
BARLEY		—	—	—
PRICES: WHOLESALE PRICE INDEX		158·3	195·2	197·4
INDEX OF COST OF LIVING IN WARSAW	(1914 = 100)	170·7	201·8	201·3
FOREIGN TRADE: IMPORTS		62·3	187·0	193·6
EXPORTS		131·4	199·3	201·2
EXCESS OF EXPORTS (+) OR IMPORTS (-)	million zł	+ 69·1	+ 12·3	+ 7·6
TRANSPORTS: RAILWAY TRAFFIC	truck loaded (15 tons) reg. ton	311.416	451.298	444.584
PORT TRAFFIC (DANZIG AND GDYNIA)		198.027	370.218	261.870
BUDGET: RECEIPTS	million zł	114·7	191·3	165·5
EXPENDITURE		125·3	172·4	148·5
MONEY CIRCULATION: BANK OF POLAND NOTES	million zł	376·9	584·8	633·5
COVER IN GOLD AND FOREIGN CURRENCIES	% % million zł	36·68	53·21	55·43
TOKEN COINS		414·8	409·3	413·2
CREDIT: (BANK OF POLAND)				
BILLS DISCOUNTED	million zł	294·1	319·2	329·1
OFFICIAL DISCOUNT RATE	‰ ‰	12	9·5	9
FOREIGN CURRENCIES: (WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	zł	7·50	8·99	8·95
POUND STERLING		36·53	43·75	43·51

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in February 1927; detailed comments on them, and in some cases the latest data, are given in the respective sections of this issue and in the "Latest news".

BANK OF POLAND IN 1926

THE BEGINNING of 1926 was extremely difficult for the country and therefore for the Bank of Poland. The economic crisis, which began in the latter half of 1925, in connection with the fall of the Złoty, reached its culminating point in January 1926. The uncertainty of the national currency,

and the acute shortage of liquid capital on the money market, were a further evidence of the conditions under which the Bank of Poland opened its activity last year.

Under these exceptionally trying circumstances, the only bright spot, foreshadowing an early

**) Corrected figures.*

REVIEW OF THE ECONOMIC SITUATION IN POLAND

FEBRUARY 1927

DATA TAKEN FROM THE OFFICIAL
SOURCES AND THE PUBLICATIONS OF
THE CHIEF STATISTICAL OFFICE
WARSAW, 32, JEROZOLIMSKA
PUBLICATIONS IN POLISH AND FRENCH

FEBRUARY and March are usually the most inactive months in the economic life of Poland. During these months the seasonal operations in sugar factories, spirit distilleries, potato works — cease, while in the agriculture and in the building trade the dead period is either still in progress, or the opening season has only just begun. The winter buying season has come to a close, and has not yet been succeeded by that of the spring. In the current year the seasonal depression was made worse by the worldwide downward movement, which has not only affected Poland, but also the neighbouring countries. Nevertheless, in the chief branches of economic life the results for February were satisfactory.

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Indexes of prices tend to a certain degree of stabilisation, the fluctuations are slight, while the margin between wholesale and retail prices continues to diminish. The foreign trade figures rose somewhat in February both on the import and export sides, the balance being still favourable. It should be observed that during the last few months, an unfavourable feature, viz. the increase of grain imports, has been noticeable, although the home supplies usually cover the local demand. This proves once more that the quantities of grain harvested last year were inadequate. The additional burdening of the foreign trade balance with this adverse item will have to be reckoned with in forthcoming months, until the harvest period of June and July.

The Bank of Poland collected in February the balances in foreign currencies resulting from exports made in previous most favourable months. Thanks to this circumstance the bullion and foreign currency reserves rose very considerably. The Złoty was stable throughout the month.

The monthly balance sheet of the Treasury made a good showing, the surpluses in the revenue derived from taxes, monopolies and State undertakings being fairly large.

	UNIT	FEBRUARY 1926	JANUARY 1927	FEBRUARY 1927
STATE OF EMPLOYMENT:				
UNEMPLOYED		358,430	251,702	256,392
PART TIME WORKERS		79,956	34,177	30,562
PRODUCTION:				
COAL	thousand tons	2,141.9	3,698—	3,411—
OIL		61.7	42.9	54.1
IRON		25.4	42.4	35.2
ZINC		9.2	11.5	10.9
AGRICULTURE:				
(crop prospects — agricultural indexes)				
RYE	(5 points system)	3.2	3.6	3.5
WHEAT		3.2	3.5	3.4
BARLEY		—	—	—
OATS		—	—	—
PRICES:				
WHOLESALE PRICE INDEX	1914=100	158.3	195.2	197.4
INDEX OF COST OF LIVING IN WARSAW		170.7	201.8	201.3
FOREIGN TRADE:				
IMPORTS		47.8	107.6	112—
including:		183.9	509.1	383.7
foodstuffs (edible fats, fish & herrings, coffee, rice, wheat &c.)		11.8	23.8	25.8
animal products (tanned hides, dried skins &c.)		18.1	55.0	65.4
ores		1.9	6.8	7.9
chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)		1.0	2.8	3.1
metals & metal products		1.7	2.8	3.9
machinery & apparatus		39.8	65.1	79.4
paper & paper wares		5.4	10.9	13.3
textiles & textile products		27.3	30.9	73.4
EXPORTS		2.4	7.8	6.6
including:		11.6	39.9	31.1
foodstuffs (sugar, meat, eggs, forage, peas & beans, barley, hops &c.)		5.8	11.6	10.9
live animals — in thousands of heads		2.3	3.9	3.7
timber and wood ware (planks, deals & battens, pulpwood, pil props, round wood & logs, veneers &c.)		0.9	3.3	3.2
plants & seeds		1.6	4.9	5.3
coal and coke		13.9	31.2	31.3
petroleum products		5.1	10.0	11.1
iron and iron products		90.7	115.8	116.4
zinc	million gold £	1,045.0	1,900.4	1,668.4
EXCESS OF EXPORTS (+) OR IMPORTS (-)		+ 42.9	+ 8.2	+ 4.4



POPULATION of Poland 29,249,000
DENSITY (per 1 sq. km.) 75.3

OCCUPATION:
agriculture 65 p. c.
industry 14 p. c.
commerce 8 p. c.
various 13 p. c.

POLAND'S CHIEF TOWNS

Warszawa (Warsaw)	936,713	Poznań	184,756	Katowice	104,868	Sosnowiec	86,432
Lódź	451,974	Kraków	183,706	Lublin	94,412	Częstochowa	80,473
Wilno	219,388	Bielystok	128,954	Rydzyszcz	87,643	Bialystok	76,792
Łódź	137.0	Wrocław	8.2	9.6	5.8	3.7	3.7
Wrocław	6.9	Bielsko-Biala	6.3	7.7	5.8	5.8	3.7
Bielsko-Biala	3.6	Opole	3.8	2.9	2.9	2.9	2.9

	UNIT	FEBRUARY 1926	JANUARY 1927	FEBRUARY 1927
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded (15 tons)	311,416	451,298	444,584
PORT TRAFFIC	reg. ton	184,428	320,943	246,627
Danzig		13,599	19,275	15,233
Gdynia				
BUDGET:				
RECEIPTS		114.7	191.3	165.5
including:				
taxes and public levies		56.4	100.4	85.5
monopolies		39.4	58.3	55.7
State undertakings		4.8	12.1	7.0
EXPENDITURE		125.3	172.4	148.6
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million £	376.9	584.8	633.5
COVER IN GOLD AND FOREIGN CURRENCIES	£/£	36.68	53.21	55.43
TOKEN COINS	million £	414.8	409.3	413.2
CREDIT:				
(Bank of Poland)	million £	294.1	319.2	329.1
BILLS DISCOUNTED	%/%	12.0	9.5	9.0
OFFICIAL DISCOUNT RATE				
FOREIGN CURRENCIES:				
(Warsaw Stock Exchange average rates)				
U. S. A. DOLLAR		7.50	8.99	8.95
POUND STERLING		36.53	43.75	43.51
FRENCH FRANC		0.28	0.36	0.35
SWISS FRANC		1.45	1.74	1.73

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland"
("Dziennik Ustaw Rzeczypospolitej Polskiej")

during February 1927

The competence of the Industrial Investigation Committee (set up to enquire into the conditions of labour and costs of production) ("Dz. Ust. R. P." No. 8, item 61).

Amendments to the Foreign currency Law ("Dz. Ust. R. P." No. 8, item 67).

Abatement of customs duty on the seeds of coniferous trees ("Dz. Ust. R. P." No. 8, item 68).

Regulations providing for the preparation of statistical records of the natural movement of the population ("Dz. Ust. R. P." No. 10, item 84).

Official bills of exchange forms ("Dz. Ust. R. P." No. 10, item 84).

The regulation of temporary goods traffic on the Kalety-Podzamek Railway ("Dz. Ust. R. P." No. 11, item 90).

The abatement of customs duty on unleavened bread ("Dz. Ust. R. P." No. 11, item 93).

Amendments to the Statute of the Warsaw Mortgage Credit Association ("Dz. Ust. R. P." No. 12, item 94).

Reform of the tax on premises ("Dz. Ust. R. P." No. 12, item 95).

Supplementary charge in respect of letters sent from Poland to Irak and Persia, and which are to be transported by the desert motor express from Beirut to Bagdad ("Dz. Ust. R. P." No. 12, item 97).

Modification of the administration of the Post Office Savings Bank ("Dz. Ust. R. P." No. 15, item 111).

Official bill of exchange forms ("Dz. Ust. R. P." No. 15, item 113).

Amendments to the railway freight tariff ("Dz. Ust. R. P." No. 15, item 114).

Amendments to the regulations concerning the rate of tobacco products ("Dz. Ust. R. P." No. 16, items 120, 121 and 122).

The postponement of the date of filling of the income tax returns ("Dz. Ust. R. P." No. 16, item 123).

Customs rebate on the import of nitrates ("Dz. Ust. R. P." No. 16, item 124).

The reduction of the legal rate of interest (up to 10 per cent) ("Dz. Ust. R. P." No. 16, item 125).

Amendments to the narrow gauge railway freight tariff ("Dz. Ust. R. P." No. 16, item 126).

¹⁾ See "The Polish Economist" No. 3, page 121. ²⁾ See "The Polish Economist" No. 3, page 113. ³⁾ See "The Polish Economist" No. 4, page 113. ⁴⁾ See "The Polish Economist" No. 4, page 121. ⁵⁾ See "The Polish Economist" No. 4, page 113.

READ THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE,
INDUSTRY AND ECONOMICS IN POLAND

THE LAST ISSUE FOR FEBRUARY (No. 4) contains the following leading articles: Review of the economic situation in Poland in February, the Bank of Poland in 1926, The

improvement was the balance of foreign trade, which had been favourable as from September 1925. One of the most important factors, which changed the unfavourable foreign trade balance into a favourable one, was in the first place the good crop of 1925, though it is true, the decline in imports, on account of the prevailing crisis and the fall of the Złoty, was not without influence on the accounts of the country.

In 1926 the conditions in this respect were less favourable because the crops were unsatisfactory, while the volume of imports increased as the result of the development of industrial activity. Nevertheless, Poland's foreign trade balance was distinctly favourable during the year 1926, the exports amounting to 145·8 per cent of the value of imports. This in turn exercised a favourable influence on the balance of foreign payments for 1926 which, as may be seen from the statement below, was closed with a surplus (in millions of gold £):

	1924	1925	1926
IMPORTS:			
merchandise	1,478	1,590	897
"invisible"	300	436	315
Total:	1,778	2,026	1,212
EXPORTS:			
merchandise	1,207	1,258	1,307
"invisible"	269	303	275
Total:	1,476	1,561	1,582
BALANCE:			
merchandise	- 271	- 332	+ 410
"invisible"	- 31	- 133	40
Total:	- 302	- 465	+ 370

The decline in the invisible exports was mainly due to the decline in the disbursements of Polish tourists and visitors of health resorts abroad.

Despite the fact that the balance of foreign payments was distinctly favourable, the foreign currency reserves at the Bank of Poland did not increase in the first half of the year, because the population, being alarmed by the instability of the Złoty, did not sell foreign currencies and drafts derived from exports of goods in the local markets, but hoarded them instead. The demand for foreign currencies had to be satisfied, and at the end of May 1926, when foreign currencies were offered in large quantities, their quotations fell. Since that date the bullion and foreign currency reserves at the Bank of Poland have been steadily increasing, as shown by the following figures (in millions of gold £):

	Gold and silver	Foreign currencies and drafts	Liabilities in foreign currencies*)	Bullion and foreign currencies	Percentage to bank notes in circulation
December 31st 1925	133·6	69·7	72·5	130·8	37·96
March 31st 1926	134·1	49·3	61·7	121·7	32·68
June 30th	134·7	78·5	68·9	144·3	33·72
September 30th	135·6	109·1	21·3	223·4	39·38
December 31st	138·8	164·9	39·7	264·0	46·86

*) In accordance with the articles of association of the Bank of Poland when calculating the bullion and foreign currency cover of the bank notes in circulation, the liabilities in foreign currencies are deducted from the foreign exchange reserves.

The volume of foreign currencies at the Bank of Poland did not increase to such a large extent as might have been expected on the strength of the excess of assets over liabilities resulting from the balance of foreign trade. The reason for this was to be found in the outflow of capital from Poland which assumed large proportions in 1926. During the period under review Poland not only did not receive any new loan from abroad, but on the contrary effected large payments towards the redemption of previously contracted loans. In numerous cases payments were made before they were due, particularly in the latter part of the year, when conditions became easier owing to the stabilisation of the Złoty and the general improvement in the economic situation of the country. Thus in June, July and August 1926 the Bank of Poland redeemed the loan of \$ 10 million granted by the Federal Reserve Bank of New York for intervention purposes, which credit, it may be recalled, was secured by gold deposited with the Bank of England. Similarly, all the credits obtained by the State Treasury in the latter half of 1925 for intervention purposes, were also redeemed.

In the earlier part of the year the Bank of Poland's policy was to check fluctuations of the foreign currencies. It could not successfully counteract the fall of the Złoty owing to inadequate reserves of foreign currencies. The rate of exchange of the Dollar on the Warsaw Exchange, which was maintained at £ 7·30 during the period from January 15th to February 15th, rose in May to £ 11. Nevertheless, both prices and wages in Poland remained much lower than those obtained in most of other countries. For this reason the Bank of Poland availed itself of the change in the situation and reduced the rate of exchange of the Złoty in order to weaken the upward tendency of prices and also to restore the confidence in the Złoty. At first the rate of exchange of the Dollar fell at a comparatively quick pace and dropped to £ 9·20 within five weeks (July 5th). Later on, however, the fall was less marked and it reached £ 9·07 at the end of July, £ 9·00 at the end of August and £ 8·95 at the end of January 1927.

Great progress was accomplished in 1926 as regards credit facilities, which led to a considerable reduction of the rate of interest. The discount rate of the Bank of Poland, which was 12 per cent on January 1926, was reduced to 10 per cent on July 7th, to 9½ on December 13th 1926, to 9 per cent on February 11th 1927, and to 8½ per cent on March 11th 1927. The rate of interest charged by private banks declined during the year from 24 to 15 per cent, still lower rates being charged by the State Banks.

The reduction of the rate of interest was made possible thanks to increased savings made in 1926 owing to: 1°, the improvement of the economic situation and the increase of public revenue; 2°, the increase in the pace of the volume of savings resulting from the readjustment of political and economic factors in Poland, and 3°, the decline in the State expenditure.



THE ENTRANCE TO THE PORT OF GDYNIA (PHOT. S. PLATER)

The year 1926 was the first one in the history of the Polish Treasury to be closed with an excess of revenue over expenditure. The first half showed a large deficit, because despite the shrinkage of disbursements, budget equilibrium could not be achieved owing to the inadequate revenue resulting from adverse economic conditions. It was only in the second half of the year that the revenue from taxes and State undertakings began to show a decided excess of revenue over expenditure. To measure the extent of the effort made in the year 1926, it is sufficient to state that although the level of prices was 30 per cent higher than in 1925, the expenditure rose only by £ 8 million or by 0·45 per cent. The decline in State disbursements and the growth in the pace of savings enabled the banks to grant larger credit facilities to its customers, which circumstance contributed on the one hand towards the reduction of the rate of interest and on the other to the increase of production. The deposits at the banks and the volume of short term credits granted (and utilised) are given below (in millions of £):

	Deposits	Credits
June 30th 1925	612·6	991·9
December 31st ..	568·5	983·3
June 30th 1926	724·0	1,126·5
December 31st ..	1,114·8	1,300·4

Of the total sum of short term credits granted 30 per cent fall to the Bank of Poland. It is significant

that the total amount of credits granted by the Bank showed a small increase, while at the same time the volume of credits accorded by other banks assumed a much larger proportion during the year. The cause of this phenomenon lay in the general easement of money conditions thereby reducing the demand for credit from the bank of issue.

It should be stated that ever since its foundation, the policy of the Bank of Poland has been to fix the maximum discount credits which may be accorded to banking, industrial and commercial firms. Such a policy is absolutely necessary as the rate of discount of the Bank of Poland is much lower than that charged by other banks, and if it did not restrict the volume of credits, the volume of bills in portfolio would be much larger, the amount of bank notes in circulation would be increased, and it is not unlikely that the two factors combined would produce a rise of prices and might have an unfavourable influence on the Złoty.

As the result of the improved money conditions in Poland in the latter half of 1926, the issue of bank notes was increased without any danger to the currency, which step contributed towards the increase of production. Nevertheless, in view of the increased credit operations on the part of private banks, the credits granted by the Bank of Poland were not fully employed, as is illustrated by the following statement (in millions of £):

	<i>Discount credits: granted</i>	<i>Bank notes of the Bank of Poland</i>	<i>Percentage of credits employed to those granted</i>
December 31st 1925	341·2	289·4	84·8
March 31st 1926	250·1	301·5	86·1
June 30th "	349·2	301·3	86·3
September 30th "	421·2	315·7	75·0
December 31st "	449·3	321·3	71·5

The intrinsic value of the bills in portfolio held by the Bank improved constantly, which is confirmed by the fact that the percentage of dishonoured bills to the volume of bills payable declined from 6·24 per cent in January to 1·54 per cent in August, and subsequently showed but insignificant fluctuations.

The total volume of money in 1926 rose by 25 per cent, and it should not be overlooked that this increase was solely due to the increase in the issue of bank notes, which admittedly is a sound economic phenomenon. On the other hand, the volume of Treasury bills and small token coins was reduced, particularly in the latter months of the year, as may be seen by the following table (in millions of £):

	<i>Money in circulation</i>	<i>Bank notes of the Bank of Poland</i>	<i>Treasury notes</i>	<i>Bullion</i>
December 31st 1925	815·0	381·4	281·9	151·7
March 31st 1926	815·2	389·4	284·2	141·3
June 30th "	907·8	448·0	318·8	141·0
September 30th "	1.008·2	581·4	289·1	137·7
December 31st "	1.021·1	592·7	287·5	140·9

The phenomenon of the simultaneous circulation of Treasury notes and of notes of the Bank of Poland will be removed in the course of 20 years according to the decree of October 22nd 1926*). The Treasury notes will be withdrawn from the circulation and replaced by small token coins. During the first ten years £ 5½ million will be withdrawn every six months, which will make £ 110 million during the whole period. During the subsequent ten years the remainder will either be withdrawn, or be replaced by small token coins. The yearly budgets will provide during the twenty years for the annual setting aside of a portion of revenue from the excise on sugar amounting to £ 12·6 million.

The dividend of the Bank for the year 1926 amounted to 10 per cent as against 11 for 1925 and 12 for 1924. The shares of the Bank, to the amount of one million (at £ 100 each) are distributed among 156.500 holders; 48·7 per cent of the shares are held by 243 persons and firms holding 500 shares or more. The shares are almost entirely in the hands of private undertakings and firms, the Treasury holding 1·1 per cent of the total.

The turnover of the Bank in 1926 amounted to £ 49·1 milliard as compared with £ 49·9 milliard for 1925. Over 60 per cent of the transactions were made by the Head Office in Warsaw, the remainder by the branch offices, which are distributed in all the larger provincial towns.

*) See "The Polish Economist" No. 5/1926, page 192.

THE SOURCES OF MERCANTILISM

THE PROBLEM of mercantilism is not, as we have seen*), quite so simple as to be confined to the question of new frontiers in Europe. For, present-day mercantilism is not a cause of the European crisis, but rather its effect. The causes of the crisis are both deeper and many.

The Great War has shifted the balance between production and consumption. In certain countries production has been developed and perfected, in others the reverse has been observed. Certain national incomes have increased enormously, while others have shrunk. Some nations are menaced by overproduction, while others suffer from excessive consumption. It was, and still is, difficult to reconcile the two tendencies.

Once lost, equilibrium can be re-established but slowly and with great difficulty. The crisis implies the absence of this equilibrium, because the aggregate volume of the world's production has not diminished; on the contrary, it has increased**). What has been unfavourably affected is the distribution of the world's production in relation to the import capacity of the different states. It is true that the import requirements of a whole range of countries have not only not fallen off but have increased, the paying ability of the importers, without which business is unthinkable, having fallen to a very large extent. The countries menaced by excessive consumption were too exhausted, owing to the War, to be able to rapidly develop their export trade. Possessing no sufficiently large bullion reserves, they could not afford to pay for the imports required. Being unable to develop their export trade sufficiently quickly, and not having the necessary cash reserves, the countries engaged in reconstruction had to cover a portion of the costs of their imports by the inflation of their currencies, whereupon the countries menaced by overproduction began to raise customs barriers in order to protect their internal markets against currency dumping. At the same time, the countries suffering from hyperconsumption have had to introduce higher tariffs in order to protect themselves against utter ruin of their currencies. The protection of the internal market became a watch word of one set of countries, while the protection of national currencies was that of another. The rich were in favour of industrial nationalism, the poor — of monetary nationalism. In both cases the causes and the guiding motives were different — but the results were the same: the increase of the customs barriers. Attempts are being made, however, at the throwing of moral responsibility on the weak.

The outward sign and the confirmation of the disproportion existing between the distribution of supply and demand, is the volume of post-war bullion reserves in the different countries. The distri-

*) See "The Polish Economist" No. 2/1927, page 48, and No. 3/1927, page 94.

**) According to data compiled by the League of Nations, the world production in 1925 increased by 17 per cent in comparison with 1919.

bution of gold reserves in 1924 as compared with that in 1913 is shown in the following table (in millions of \$):

	Gold reserves maintained for currency purposes:		
	1913	1924	Percentages of increase (+) decrease (-)
United States of America .	1,890·0	4,545·0	+ 140·4
Canada	142·4	204·9	+ 44·1
South Africa	27·2	54·9	+ 101·8
Australia	69·0	121·1	+ 72·6
New Zealand	25·7	37·9	+ 47·8
South America:			
Venezuela	1·7	16·3	+ 858·8
Bolivia	1·1	8·1	+ 636·3
Columbia	4·5	23·8	+ 428·8
Uruguay	14·7	52·8	+ 259·1
Argentine	311·0	452·9	+ 45·6
Europe	4,863·0	3,121·0	- 35·9
including:			
Spain	92·4	488·9	+ 429·1
Denmark	18·0	56·1	+ 211·7
Holland	67·8	202·7	+ 198·0
Switzerland	44·3	97·5	+ 120·1
Norway	18·9	39·4	+ 108·5
Sweden	30·5	63·4	+ 107·9
England	505·5	756·8	+ 49·8
Greece	8·6	7·6	- 11·6
Italy	287·9	251·4	- 12·6
Rumania	31·3	26·0	- 16·9
Finland	10·6	8·3	- 21·7
Belgium	68·0	52·5	- 22·7
Portugal	15·3	9·3	- 39·0
France	1,261·7	709·8	- 43·7
Germany	946·1	194·7	- 78·3
Russia	1,133·0	73·0	- 93·6

Certain countries have more gold than they require — others less. The first remark applies not only to America but also to the majority of the European neutral states. The process of equalisation is very slow, because the pace of progress depends on the pace in the recovery of the equilibrium between supply and demand, between the productive capacity of the world and the absorptive ability of the different countries.

The second group of causes constitute the changes in the destination of the English and the German exports. The Great War has facilitated and has accelerated the emancipation of the overseas markets. English and German exports have become dependent on the European continent and have lost ground in the overseas markets. English exports to Europe in 1913 represented 34·6 per cent of the total volume of exports, while the corresponding figure for 1925 was 42 per cent. It should be remembered, however, that, owing to bolshevism, the vast Russian markets have practically ceased to exist, and their purchasing capacity has shrunk enormously. In this way the field for commercial activity on the European continent has become narrower, while its importance to England and Germany, the two chief industrialised countries, has risen very significantly. The place has become overcrowded. Competition has become difficult. The situation is growing more complicated on account of the German reparation payments, and

the redemption of war debts by England and its allies; these burdens create now, and will continue to do so in the years to come, great difficulties in the operation of transfers, and thereby prolong the uncertainty of currency stabilisation.

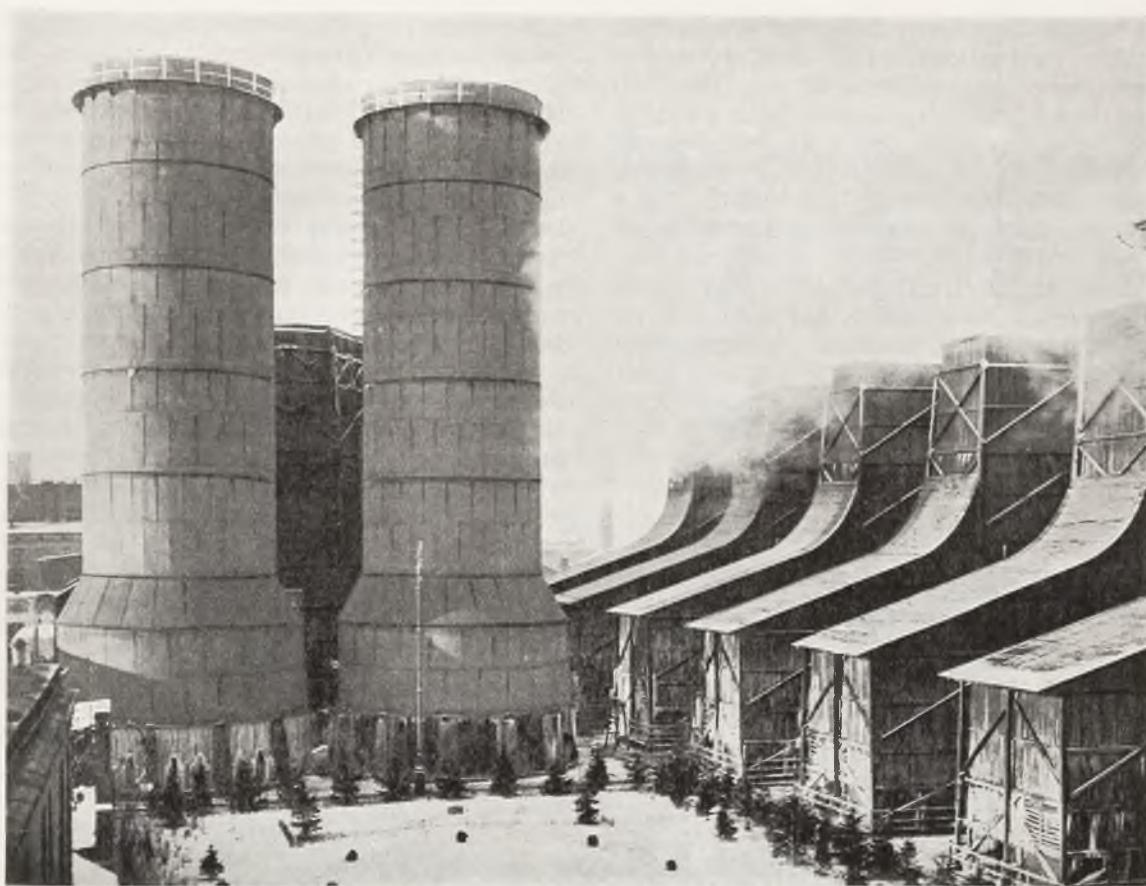
German exports, despite the record increase in 1924, had not succeeded in equalising the increase in foreign liabilities. The debts continue to increase at a much more rapid pace than the export capacity. The English balance sheets of foreign payments show that the favourable balances steadily continue to decline. In 1923 the favourable balance was £ 153 million, in 1924 — £ 63 million, in 1925 — £ 28 million, while the last year, burdened as it was by the results of the coal stoppage, is not likely to make a better showing.

Consequently, it is no wonder that the President of the Reichsbank, Dr. Schacht, on every occasion and with increased emphasis warns his fellow countrymen against the contracting of further loans abroad, and on the other hand, Mr. Keynes in England advocates the re-establishment of the embargo on the floating of foreign loans.

In addition to the causes referred to, there is another one, owing to which mercantilism is a matter of absolute necessity to the countries which are weak from the economic viewpoint. This is the post-war emigration problem. The United States of America, in the name of national interests, and with the object of preserving the standard of living of its working classes, has closed its frontiers against the inflow of cheap labour. Emigration to the United States of America was, before the war, a safety valve against overpopulation and its consequences. Each year about 1 million persons emigrated from Europe. The influence of emigration was exceptionally remarkable in such countries as Italy and Poland. And this not only on account of the most beneficial outflow of the surplus of population, but also by reason of the inflow of savings, sent each year to the mother country.

The closing of frontiers by the United States of America, has thrown out of gear the post-war mechanism of exchange of both men and capital. Poland, which before the war used to send each year about 200,000 persons overseas, is now allowed to send only 35,000. The inflow of savings from America to Poland, which prior to the war amounted to some \$ 65 million per annum, declined to \$ 25 million in 1925, and shows a further downward tendency. The position is similar in the case of Italy and in a whole range of similarly situated countries. The situation has become nothing short of a crisis, when other immigration countries have followed the example set by the United States. And no capital is available for the opening up of new emigration territories, for the simple reason that the emigration countries are usually poor.

The sudden stoppage of European emigration and the resulting consequences have played a very important rôle in the economic situation of the whole world. Poland, for instance, has at present 200,000 unemployed, of which at least 150,000 would have emigrated if they could have done so. An identical situation also prevails in other countries,



A VIEW OF THE ŁÓDŹ ELECTRICAL STATION (PHOT. S. PLATER)

which were and still are overcrowded. The source of the high figures of unemployment in a whole range of the European countries, is the stoppage of natural emigration. For these reasons Governments are compelled to create an outflow by means of artificial development of industries. Otherwise the state budgets could not indefinitely stand the heavy expenditure, paid annually to the unemployed in the form of relief. Not without significance in this respect are the moral factors, as nothing facilitates bolshevist propaganda more than unemployment.

The policy followed by the United States in regard to its population has compelled Europe to embark upon commercial mercantilism.

Nobody has the right to demand of America that it throw its door wide open, if this is prejudicial to its own interests. But the consequences of world-wide significance resulting from this policy have been underestimated, and so far, no scheme has been prepared for granting credit facilities to the countries suffering from the excess of labour. Instead of declaring its readiness to grant credit facilities, America has opened discussion on the subject of redemption of the debts. It has closed its door with one hand, and with the other it has handed bills to its European debtors. And what is Europe to pay with, if its payments in the form of goods and labour are not accepted, whilst its gold reserves are inadequate for the consolidation and stabilisation of its currencies?

The instability of the European currencies is a direct consequence of both the shortage of bullion and its uneconomic distribution. There is in a large number of European states a disproportion between the bullion and foreign currency cover of the money in circulation, and the range of fluctuations in their balance sheets of payments. The currency covers are small and the balance sheets shaky, with a tendency to sudden and large deficits. Owing to this, there are cases when even despite the budget equilibrium and the gradual deflation of the money in circulation European currencies are subject to frequent fluctuations. From the point of view of the quantitative theory of money this appears to be improbable, and yet under the present abnormal circumstances obtaining in Europe, it is a matter of frequent occurrence.

The fall of the Złoty in July 1925 was mainly caused by the deficit shown in the balance sheet of payments to be made abroad, and which could not be covered by the cash in hand. This was the main, decisive cause, but there were also others of a secondary importance, resulting from the first one, such as the failure of the property tax, the budget deficit, and the excessive issue of token money. Consequently, the instance given above in regard to Poland may be questioned. There is, however, another instance, namely—that afforded by Estonia, where despite accurate execution of the budgets, and despite the absence of even

a suspicion of inflation, the currency was subject to considerable fluctuations. This is illustrated by the following figures (in millions of Est. Mks.):

State revenue and expenditure in Estonia:

	expenditure	revenue	surplus
1922	5.517	7.084	+ 1.567
1923	7.097	7.435	+ 338
1924	7.408	7.476	+ 68
1925	7.422	7.749	+ 327

Imports and exports:

	imports	exports	balance
1922	5.589	4.811	- 779
1923	9.322	5.712	- 3 620
1924	8.204	7.866	- 380
1925	9.655	9.665	+ 10

Money in circulation:

31/XII 1922	3.726·4
31/XII 1923	3.441·9
31/XII 1924	3.562·8
31/XII 1925	3.547·5

Average monthly rate of exchange of the Estonian Mks.:

(Est. Mks. to the Dollar)

	1923	1924
I	342·6	387·7
VI	347·3	432·8
IX	347·5	417·8
XII	371·7	375·0

Budgetary equilibrium in the present circumstances does not ensure the stability of a currency, and the fragility of the currency renders the budgetary policy difficult. A lack of confidence in a currency has a bad effect on capitalisation, and inadequate capitalisation frequently prevents a regular inflow of taxes. Further, sporadic money crises provoke upward tendencies, increasing thereby the scale of state expenditure. It is obvious therefore that uncertain currency means uncertain budget equilibrium. At this juncture the revenue from customs acquires a special importance. Ensuring considerable revenue from the customs, mercantilism is also for this reason an absolute necessity to those countries, which have small bullion reserve and lack at the same time elastic credits abroad.

The acknowledgment of the fact that the practice of mercantilism is an indispensable necessity to states possessing small financial reserves, is not, and cannot be an absolute apology, nor does it constitute the proof of the superiority of mercantilism over liberalism. That the latter is a more sound form of international exchange than the former, is unquestionable. In addition, it is not always possible to translate mercantilism into practice, because the abuse of protection does not ensure the stability of a currency, but may even endanger it. A moderate and elastic mercantilism has a fair chance of success, but only in those countries which have a well developed agricultural production, and which have

not reached an excessive stage of industrialisation. Austria, within its present boundaries, has a small chance for the consolidation of its currency by its own resources, without the support of foreign credits. On the other hand, Czechoslovakia owes its favourable position, to a large extent, to its moderate mercantilistic policy. Poland has still better prospects, provided the steady progress of its bullion and currency reserves is not interfered with by unforeseen misfortunes, such as bad crops or unfavourable alterations on the world markets for Poland's main export products.

However, with restricted imports and artificially developed exports, and at the moment that the favourable foreign trade balance assumes large proportions, there begins a strong and rapid flow of foreign currencies, which is changed by the bank of issue into the national currency. Then arises a new situation: the volume of the money in circulation grows at a rapid pace, while at the same time the volume of exports also grows. If at this juncture the bank of issue takes improper advantage of its increased cash reserves, by granting credits on a large scale, the amount of the money in circulation, in the absence of any corresponding increase of production to meet local demand, is sure to rise still more rapidly. There then arises a disproportion between the amount of money in circulation, and the supplies of goods available on the home market, which disproportion provokes an unavoidable general increase of prices. At this moment mercantilism will prove a failure, because the increase of prices, while rendering export activity difficult, will facilitate imports, despite the existence of high customs barriers, which cannot be raised without provoking a further increase of prices. A vicious circle arises and a reaction sets in, which automatically diminishes the excess of exports over imports and which may lead easily to an adverse foreign trade balance with all its dangerous possibilities for the stabilisation of the currency.

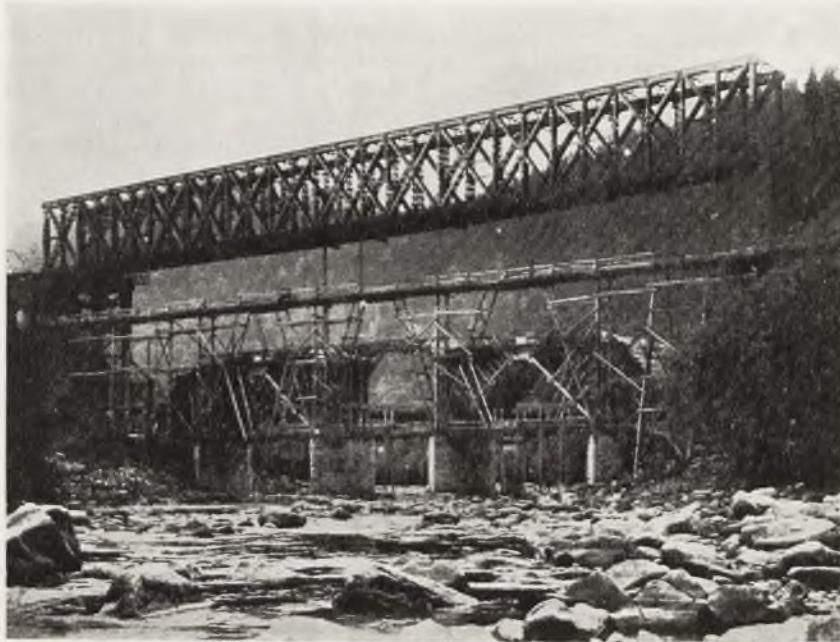
A country following the system of mercantilism, must reconcile itself to a slow pace of reconstruction and to the uncertainty of the results obtained. It cannot blindly raise either its customs tariffs or the volume of credit facilities, at the time of large inflow of foreign currencies for export, which have been previously effected. Apart from this, the consolidation of the results obtained depends on the maintenance of a favourable situation in the foreign trade, and on the economic character of the country concerned, that is on the equilibrium between agricultural, mining and industrial production. Consequently, if mercantilism does not ensure rapid and lasting results, it is no wonder that under its reign the European crisis is protracted, and will continue to be so until the countries, for which mercantilism is a vital necessity, secure adequate assistance in the form of credit facilities large enough to enable them to alter their mercantilistic methods and to adapt them to general requirements.

The point of gravitation does not lay in the creation of the new national states after the war, but in the degeneration of the pre-war credit liberalism in the international market. The pre-war commercial

liberalism was supplemented by the freedom of movement of capital from one country to another. If, as a result of the liberal policy, there arose deficits on the balance sheets of foreign payments, they were automatically removed by an inflow of foreign capital. The first to come were the short-term credits, which, if and when necessary, could be converted into long-term credits without any difficulty. This procedure ensured the stability of currencies. This stability was based not so much on the commercial liberalism, as on the coordination of the latter with the free movement of capital. At the present time there is no free movement of capital, no free emigration of labour, no free exchange in essential raw materials.

started too late, and thereby postponed the European reconstruction.

The system of distribution was also not devoid of certain shortcomings. The basic feature of the European crisis was, and is, the disproportion between the distribution of production and that of consumption. If under these conditions credit facilities are granted to industrial countries without simultaneously being accorded to the purchasing ones, this disproportion is by no means removed. In that case the supplies are increased without any corresponding increase in the demand, which means that, owing to the assistance of credits, the increase in production does not correspond to that of absorptive capacity. It is clear therefore that if the process



A NEW BRIDGE ON THE PRUT, NEAR THE RUMANIAN FRONTIER

Consequently, as long as at least the freedom of movement of capital is not restored, it can hardly be expected that commercial liberalism can be introduced and maintained.

Under the influence of the Great War, material changes have taken place in the movements of capital. New York has supplanted the Paris and London money markets. But America is playing its present rôle by linking up of the flotation of new issues with the question of war debts. New emissions, even those bearing a private character, were made dependent on the prior settlement of the respective war debts. This was a political embargo, placed on European emissions. At the same time England placed an embargo on foreign loans in fear for the stability of the Pound Sterling. There have been many other, though less apparent means of harrassing new issues, and it has not always been the economic consideration, that has played the decisive rôle in this respect. In consequence thereof, the inflow of American capital

of reconstruction in Europe is to be accelerated by means of foreign credits, the respective schemes should deal with groups of countries, which are interdependent from the economic viewpoint.

The strengthening by means of credit facilities of the production of one country should, under the present conditions, be accompanied by the strengthening of the import ability of others, which are the natural outlets for the former. By the adoption of this principle it will be possible to remove both overproduction in one set of countries and the consumption famine in the other. And it would be a mistake to say that the repartition of credits, as practised up to the present, has been in accordance with the above principle.

The reconstruction of Europe is proceeding in such a manner that reforms are undertaken in each individual country without any attention being paid to other countries, which are economically linked up with that actually engaged in reconstruction. Separate portions are torn from the European orga-

nism, and the methods that are applied are those of the laboratory and not of the economist. Each year a different country is laid on the international vivisection table, and obtains financial assistance in the form of credit, as a reward for having been subjected to this treatment. The result is that foreign capital is excessively concentrated in the country engaged in reconstruction, while the shortage of liquid capital in those countries, which are consumers of its products, remain unalleviated. One can hardly think of a more costly treatment. This was, nevertheless, the case with Austria, Germany, Hungary, and now with Belgium.

Is there anybody who would risk stating that the progress achieved is in proportion to the large sums, which have poured in as loans to certain countries?

From 1924—1926 the United States threw over \$ 1½ milliard on to the European market, and in spite of this, the currency situation at the end of 1925 was still not consolidated, but was rather the reverse. Had the same sum been distributed with greater care, and in consideration of the fact that certain countries are interdependent, that is to say, had the reconstruction scheme been applied not to individual states, but to groups of countries — then it is certain that the reconstruction of Europe and stabilisation of its currencies would have been to-day more widespread and more lasting.

The continuance of the present methods in regard to the repartition of international credits, will not only fail to remove the existing customs barriers, but will, on the contrary, tend to consolidate them.

Even the most pushful propaganda in favour of Free Trade, will not alter this state of affairs. For as long as the stabilisation of currencies is not ensured by other means — so long must they be protected by customs walls, which, while not always being sufficiently effective to assure stabilisation, invariably manage to slow down the pace of the fall of currencies.

The volume of international trade, similarly as that of trade between individuals, depends on the paying ability and the credit of the buyer. A country or a person not having the necessary money to pay with, or inadequate credits — will not be able to purchase. Increased transport facilities are not a remedy for the lack of money and credits. Motor-cars will not run without fuel, and the shortage of fuel will not be remedied by repairs to the highway. International trade is in a similar position. The disciples of Free Trade wish to repair the road and forget about the fuel. In this way, we shall never move forward.

Leaving aside all considerations of a theoretical or of a purely political character, such as are unfortunately so frequently mixed up with economic matters, common sense indicates that the lifting of customs barriers and the introduction of Free Trade, are not questions which can be separated from the stabilisation of the European currencies, which, under post-war conditions, is identical with the problem of the restoration of gold reserves in

the world, and with that of the restoration of the free movement of capital. The two problems are the obverse and the reverse of the medal.

POLISH COAL EXPORTS AND THE ENGLISH STRIKE

IT IS ONLY since the termination of the strike, and the reappearance of English coal on the European markets that it has been possible to form an idea as to the possibilities of the Polish coal export trade under the conditions of normal competition.

In view of the sudden English attack on the export markets, and the resulting decline in prices, Polish exporters are somewhat depressed at the present conditions of the trade; this feeling is the reaction against the undue optimism which they displayed during the continuance of the strike.

The period through which the coal industry is now passing is nevertheless quite normal, especially when it is borne in mind that the previous optimism was founded on the following totally erroneous considerations: firstly — it was generally thought that the English collieries would only gradually resume their operations, and at a much slower pace than has been the case, and secondly — that British export trade would only be resumed on a large scale after the home requirements had been satisfied.

Instead of this, the English collieries having employed some 60 thousand men for the maintenance purposes during the strike, were able to start their operations without delay; the pre-strike level of production was reached without difficulty, owing to the prolongation of the working day and the tendency on the part of the miners to re-establish their normal standard of living. The production was, however, not adjusted to the sales possibilities, but coal owners were unable to attempt it, for any reduction of the number of men engaged in production might have led to a new dispute.

The United Kingdom, though the chief coal exporter in Europe, consumes about three-fourths of its production. Of the 247 million tons of coal raised in 1925, 55 million tons, including the amount of coal sent abroad in the form of coke, and 16 million tons of bunker coal, left the country. The strike caused a number of industrial establishments to be closed, while their setting in operation could not be pursued parallelly to the development of production, for the simple reason that they were not in a financial position to accumulate stocks, all the more so as after a prolonged strike there was no likelihood of its breaking out again for a long period.

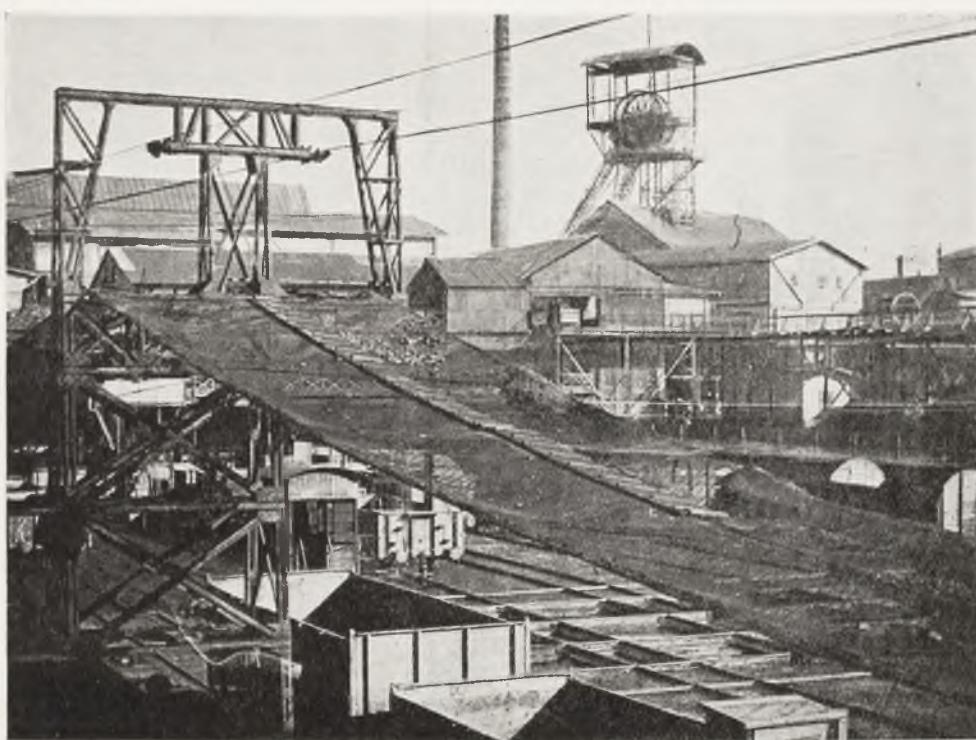
The reduction in prices caused by overproduction and the desire to recover lost markets, cannot be maintained for long, as it is not sufficiently justified by the cutting down of the costs of production after the termination of the strike. If, according to English information, the decline in the price of coal is placed at about 3/- per ton, then, bearing in mind the total output, this would

offset the governmental subsidies which have been lost. The Government subsidies were distributed unevenly and were no doubt larger in the case of big concerns which carried on export trade at a loss, for which reason one can hardly anticipate the possibility of a further reduction of export prices to the pre-strike level, especially when it is taken into consideration that certain collieries had worked at a deficit prior to the strike.

It would also be fruitless to endeavour to maintain the present high prices for a long period, as this

about 30 per cent of volatiles, a large amount of oxyde, it burns easily, gives a large flame, and in this way makes possible the use of its theoretic calorific value. Being compact, it bears transportation over long distances and multifold transhipments.

The cost of production of Polish coal has always been lower than in any other European basin. Even before the war it was on the average about 25 per cent lower than in Westphalia and England; this difference has increased since the war, and even



COAL SORTING PLANT IN UPPER SILESIA (PHOT. S. PLATER)

would not affect the output possibilities, which are based in the first place on the conditions obtaining on other basins, while every improvement of the market situation necessarily brings forth the appearance of coal from other competing countries. In the long run the decisive rôle will be played by the cost of production.

The profitability of the mining industry in general and in the coal mining industry in particular, depends more on natural conditions than on the application of modern methods and technical improvements. These conditions, as far as Poland is concerned, are much better than in other coal mining areas in Europe. The seams worked in this country are thick and are located on the average at a depth of 200 to 400 metres and are devoid of explosive gases, while the arches and ceilings are strong enough to exclude all danger. In view of its chemical and physical properties, Polish coal, and in particular that raised in Upper Silesia, is most suitable for certain special purposes. The average heat content is from 7,200 to 7,300 calories,

to-day, after the coal dispute in England and the reduced cost of operation which may be estimated at about 12/- — 13/- per ton, the costs of operation in Poland, which vary according to the output, are lower by 35 to 40 per cent. This difference compensates to a large extent for the unfavourable position of the Polish mines in relation to the sea coast.

England and Germany are the only countries disposing of a surplus of coal, who may be regarded as competitors of Polish coal on foreign markets. The last named country is less dangerous, and there is only one country, in which Polish coal has to compete with that of German origin, namely—Italy. As regards sea borne coal trade, German competition counts little; there are only the Rhine and the Westphalian basins, the positions of which are not much more favourable in relation to the Northern European markets than that of the Polish basin, so that with increased costs of operation it is most unlikely that German coal will successfully be able to compete with Polish coal on these markets.

The output of the German coal basins is limited while the home consumption is steadily increasing, and German coal owners do not appear to be endeavouring to extend their foreign sales, unless they are exceptionally profitable. This is illustrated by the fact that during the coal dispute in England, when the sales possibilities were almost unlimited, transport facilities quite ample, the Rhine-Westphalian basin established record figures of production in November and December 1926, but even then it was unable to satisfy the local demand.

coal export trade as it gives an idea of the intensity of competition on the part of those coal raising countries, the output of which is higher than the actual sales possibilities.

In 1926 the output of coal in Germany amounted to 145,360,000 tons and was larger by 9·5 per cent than in 1925; France, together with Lorraine, without the Saar district, raised about 52,400,000 tons of coal including brown coal, which was about 9 per cent more than in 1925; Belgium, with its production of 25,600,000 tons for 1926, extracted



COAL LOADING IN DANZIG

Moreover, the output of this basin has always been regulated by the sales of coke. Without the transformation of "smalls" into coke a great majority of the collieries could not work at a profit. The proportion of "smalls" in that basin is much larger than in Poland, and it is only owing to the high prices ruling during the coal strike in England that the Rhine-Westphalian coal owners were able to increase the volume of sales of coal without a simultaneous increase in the output of coke, for which the demand was practically the same as in 1925.

German coal exports are directed to France, Holland, Belgium, Italy and Switzerland, of which, as already stated, the Italian market is most interesting for the Polish coal trade. It is significant that during the strike in England the Westphalian coal syndicate displayed very little initiative and increased only the volume of business with its old customers.

The experience gained during the coal stoppage in England, is of great importance to the Polish

10·5 per cent less than in 1925; Czechoslovakia with an output of 14,000,000 tons in 1926 raised its production by about 14 per cent as compared with 1925.

Poland, despite the difficulties of transport, extracted in 1926—35,770,000 tons which figure was 23 per cent higher than the 1925 figures, although the Polish mines were not working at their full capacity.

Polish costs of production are, as already stated, much lower than those of its competitors. By maintaining the markets in which foreign competition is felt, and by extending the outlets for Polish coal, a further decline in the cost of operation may be achieved, and it is therefore unlikely that the countries in which coal is raised under less favourable natural conditions will be in a position to compete successfully with Poland.

In fact, the strike in England has not opened any new markets to Polish coal with the exception of the English market, as to the passing character of which no illusion was possible; Polish coal, even

prior to the English strike, has been sent to Sweden, Denmark, the Baltic states and Italy, countries where foreign competition was very marked; the quantities absorbed by these markets grew before the strike from month to month.

There is no exaggeration in saying that the coal stoppage in England deviated the development of Polish coal export trade from its natural line of progress under normal competitive conditions. The limited transport facilities could not stand the strain of the new export conjunctures; exporters found a temporary source of profit; in most cases they were undertakings, which prior to the outbreak of the strike had a very small foreign business and which could not contribute towards the strengthening and the consolidation of relations with foreign importers who worked directly with the Polish coal owners. Needless to say that the latter could be more successful in competition than the inexperienced coal merchants. In the markets which had been secured before the strike, trade was on the increase; on the other hand, in these markets which are unquestionably Polish, such as Austria and Hungary, the volume of business has somewhat declined of late. It is certain that as regards the markets which are consumers of its large quantities of coal and on which strong competition on the part of other countries is evident, greater progress would have been made had it not been for the English strike, which in this case exercised an adverse influence.

Nevertheless, it ensured large temporary profits to Poland. Apart from the advantages derived from the test of the productivity of the chief coal raising areas in Europe, the strike helped to establish a good name for Polish coal. The fact that it became known abroad, and in particular in England, which country will never, under normal conditions, be an outlet for Polish coal, has led to the raising of its reputation, and coal export may pave the way towards a close cooperation between the Polish and English coal interests. As regards the internal side of the question, experience has been gained; the interests concerned also realise the difficulties which hamper the development of the coal export trade, especially when it is to be carried on a scale corresponding to the productive capacity of the Polish mines.

The chief difficulties are in respect to transport, as it has been found that the railway facilities are inadequate owing to the shortage of rolling stock, while the insufficient capacity of the Polish ports has made it necessary to complete the construction of several important railway lines, as for instance that from Kalety to Podzamecze; it has also been decided to hasten the completion of the different schemes for railway construction, and in order to improve the existing state of affairs, the railway authorities have placed new contracts for trucks; the construction of extensions to the ports of Gdynia and Danzig have also been speeded up. The foundation of the Polish mercantile marine tends to prove that Polish Government and business interests realise the influence of the cost of sea borne transport on the cost of coal.

The present depression in the coal trade, which has been caused by various factors and *inter alia*

by the restriction of export activity in December and January owing to coal shortage on the home market, does not fill the local trade with anxiety. After a thorough analysis of the working conditions in Poland, it appears that new outlets must be found in order to ensure that the rate of production may be in keeping with the productivity of the Polish mines, and thereby reduce costs to a normal level. In 1913 the total amount of coal raised in the Polish territories was 41,000,000 tons, while the present annual output should be 45,000,000 tons. No doubt, it will be difficult to attain this figure in the near future, but it should be borne in mind that when this figure is attained, the cost of production will be lowered to an extent such as to enable Polish coal to compete in foreign markets. Coal exports should not only be directed to Austria, Hungary and Czechoslovakia, which can safely be regarded as gained for Poland, but new outlets in the Scandinavian and Baltic countries, Russia and Italy should be secured, especially in view of the closing of the German frontier to Polish coal.

THE PROBLEM OF EMIGRATION IN POLAND

THE TERRITORIES of the Polish Republic as contained in its present boundaries, were, before the war, and still continue to be a large reservoir of labour, which is compelled to seek for employment and sustenance in foreign countries. This, *inter alia*, was the result of the hostile nationalistic policy pursued with regard to Poland by the partitioning powers.

After the Congress of Vienna and up to the Great War the emigration of Europeans to the United States was a normal occurrence, and had amounted to 30 million by that date; in the history of Poland this question has played a special rôle.

None of the alien governors of Poland ever made any attempt to limit emigration or to find remedies for it, neither did they organise it in such a manner as to be compatible with the interests of the Polish nation as a whole, but on the contrary, having ascertained that emigration was weakening the Polish element, and could be used as a weapon against the interests of the Polish nation, advantage was taken of this fact, and not only was it tolerated as a necessary evil, but even more, it was regarded as expedient and therefore desirable. The only arguments made against the increasing emigration of Poles, was the fear that the respective armies of the alien rulers would be deprived of Polish soldiers owing to the large number of emigrants going abroad.

It was not to be wondered at that in view of the general tendency to harass the development of the Polish territories, the economic question of the emigration of Poles from their motherland played a particularly important rôle owing to the large natural increase of the Polish population, which at present amounts to 15 per cent per

annum, and which was still larger before the war, and necessitated internal colonisation and the industrialisation of the country more urgently than in any other country. The natural increase in 1922 was in Germany—9·7 per cent, in Italy—12·9 per cent and in France—1·8 per cent. Internal colonisation in those places where it could be undertaken (German Poland) was confined to the creation of settlements of aliens brought from Germany for the purpose of the germanisation of the country; the industrialisation of the country was contrary to the aims pursued by the alien rulers, for whom Poland was a market for the products of their own manufacture, and who did not want to create a new competitor.

It should be stated that while in Germany 1 sq. km. of cultivated soil provides 33 persons with the means of livelihood, and in France and Denmark 31 and 30 persons respectively, the corresponding figure for Poland is 45, despite less intensive methods of farming and the smaller productivity of soil. The situation obtaining in former Austrian Poland is still more abnormal—as the number of people deriving their means of sustenance in many regions reached 78 per 1 sq. km. of cultivated soil.

The Polish community is fully alive to the fact that the emigration of its fellow countrymen is from the standpoint of the state a necessary evil, and that the providing for all of them with work within the country should be the chief aim of the



EMIGRATION CAMP AT WEJHEROWO (POMERANIA).
BEFORE THE DEPARTURE OF EMIGRANTS

The result was that at the time of restoration of Poland the approximate number of Polish emigrants was 6,000,000, that is, about 20 per cent of the total figure of the population of Poland.

The first years of Poland's independence had to be used not for the extension, but for the partial reconstruction of industries, in view of their having been destroyed owing to war operations. This fact constitutes an additional reason, for which Poland sees itself faced with the necessity of laying down a well planned scheme for the organisation of emigration.

During these post-war years the Polish Government was engaged in combatting unemployment among the urban population, and although the exodus of the rural population to the towns was ultimately stopped, yet, in view of the natural growth of the population (about 450,000 per annum), which rapidly offset the losses sustained during the war, the problem of emigration became one which calls for special attention and organisation.

economic policy of the Government; this aim cannot, however, be translated into practice, in the near future.

Neither the scheme of agrarian reform nor the development and the extension of industry, would be capable of stopping the natural desire of the population to seek work abroad, owing in the first place to the limited area of soil available for allocation and, in the second, to the shortage of capital for investment purposes.

Unfortunately, apart from the destruction of national wealth, the war has brought about most unfavourable conditions for the Polish emigrants.

In the years immediately preceding the outbreak of war, the United States of America and Germany were the main outlets for the surplus Polish population. The exodus to the United States, where the emigrants usually remain permanently, for the years 1910/1913 was only 606,000 persons, while to Germany, where the emigration bore a seasonal character, the number of emigrants, according to

German statistics, was 1,299,363. The remaining European countries and South America played but a small part in the reception of Polish emigrants. In addition to the emigration referred to, there were movements of population within the partitioning countries, which latter resulted in a loss to Poland of some 1,500,000 citizens.

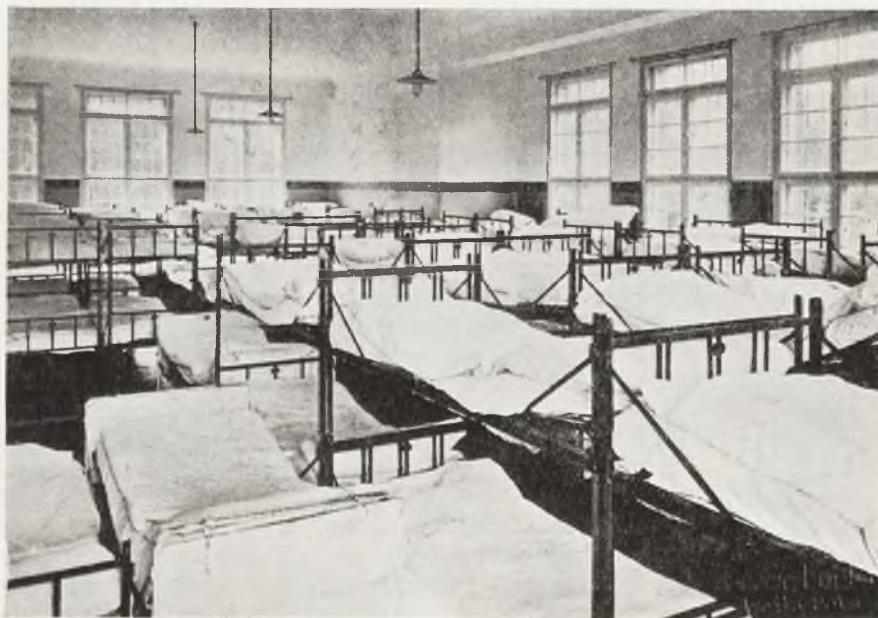
After the war all these territories were almost totally closed to Polish emigration. It is sufficient to say that the number of Polish emigrants to the United States in 1924 was only 4,290, and in 1925 — 9,086, and that the seasonal emigration to Germany, which was illegal, comprised in 1924 40,000 persons (about the same number of people came back from that country to Poland in that

pre-war years. Although 1925 saw a certain improvement in this respect, yet the results achieved compare unfavourably with the requirements of the country.

The data for the year 1925 are as follows:

overseas emigration	40,000 persons
continental " (without Germany) . . .	50,000 "
emigration to Germany	40,000 "
Total:	130,000 persons

This statement indicates that the former emigration countries continue to be practically closed to Poland. In overseas emigration Palestine ranks first (13,573 persons) and is followed by the United



DORMITORY OF THE EMIGRATION CAMP AT DANZIG

year); and that Russia, as well as the Austro-Hungarian succession states, have not only ceased to be the field for Polish expansion as far as emigration goes, but, on the contrary, a large number of Poles have come back from these countries.

A consideration of the above facts and data, in the light of post-war economic conditions, gives an idea of the importance attached in Poland to the finding of new emigration outlets and to the recovery of the old ones. Those having expert knowledge of Polish emigration are at one that the annual contingent of emigrants, apart from the movement within the boundaries of the partitioning powers, was before the war 700,000 persons, or more than 22 emigrants per 1,000 inhabitants. The post-war emigration figures make a totally different showing.

The statistical data for 1924 indicate that the excess of emigrants over reemigrants amounted only to 23,647 persons, and that the number of the former per 1,000 inhabitants fell to 2·8 from 22 in

States (9,089 persons), Argentine (9,616 persons) and Canada (4,290 persons).

It should be noted that during the year 1926 the number of emigrants to Canada has materially increased of late, and that this country is gradually coming to the fore as far as Polish overseas emigration is concerned. On the other hand, Palestine has ceased to be an attractive emigration country owing to the difficult conditions obtaining there.

As regards the European countries, the most important in 1925 were: France (45,000 persons), Germany (40,000 persons) and Denmark (2,500 persons).

The qualifications of the Polish emigrants vary according to the countries they go to. Thus, those bent for the United States are, generally speaking, unskilled labourers; Canada absorbs mainly farmers; South America is of interest to small traders, hawkers, and Jewish artisans, and in a lesser degree to agricultural labourers; France chiefly accommodates

miners and unskilled workmen as well as farm hands; the parties of seasonal emigrants to Germany are exclusively composed of land workers; Palestine is in favour with the Jewish traders and artisans.

Under such circumstances the emigration problem, which is necessarily of importance at all times, has become of special interest to Poland at the present moment, as it is closely linked up with the present general economic crisis. The restrictions of the freedom of exchange of the surplus of labour, together with other impedimentary regulations, concerning the movements of capital and credit, render it impossible for Poland to find work abroad for its idle citizens, and prevent it from the extension, in a natural manner, of its field of activity within its own boundaries; the result is that Poland is sometimes compelled to protect its production and its internal market by artificial means, by raising its customs walls, by limiting imports, &c., much to the annoyance of its foreign suppliers. These are the consequences of the lack of coordination of the elements of international exchange of goods, money and labour.

The Government's policy, as regards emigration, embodies the reaching of agreements with emigration countries with the view of increasing the existing contingents, and the realising of a scheme of colonisation with Polish settlers the new territories of the world.

THE POLISH EGG INDUSTRY

THE RAISING of poultry in Poland is confined mainly to small peasant farms where, being looked after by the housekeeper, it is considered as an additional source of revenue, just sufficient to cover small current expenses. Intensive breeding is not usual in most cases; the poultry is usually kept in farm buildings, and for the winter, it is transferred either to stables or to cow-sheds; not infrequently it is housed in the pantry, and as in addition it is not always fed properly, the productivity of the hens, and the quality of the eggs, vary within wide limits.

It is gratifying, however, to be able to say that a favourable change in this respect has set in of late. Little by little the rural population have begun to realise that poultry farming may become a good paying proposition and, to cut the long story short—interest has been awakened. The housewives have started to study the methods of rational breeding, while agricultural societies have materially assisted this movement by an extensive propaganda in favour of a uniform production; in various parts of the country modern poultry farms have been established, some of which are subsidised by the Government. Poultry breeding establishments and agricultural schools organise shows and exhibitions, award prizes for the best fowls, and as, moreover, lectures on this subject are frequently given in many rural districts, there is every reason to believe that this movement, which is

gaining in intensity, will bring about at no distant date a substantial increase in the production of eggs in Poland.

A characteristic feature of the Polish poultry is its endurance and its ability to withstand low temperatures. From among the numerous breeds, the Polish "Green-foot", well known for its productivity, should be mentioned. They are light in weight, very active, show a remarkable resistance to cold, and have a highly developed instinct for food finding. The eggs laid by the "Green-foot" are mostly oval, with yellow or faint pink shells, which weigh on the average from 50 to 55 gr. and sometimes even 65 gr.

The total number of egg laying fowls in Poland may be placed at 30 million, which gives approximately 2,100 million eggs per annum.

The eggs are mostly small in size, weighing on the average from 48 to 50 gr., are agreeable to the palate and are suitable for preservation. The largest egg producing districts are situated in the South of Poland, namely—in the Kraków Voievodship, and in the Southern and the Western parts of the Kielce and Lwów Voievodships, respectively, where poultry farming is pretty general owing to the predominance of small peasant holdings. High grade eggs are produced by the Western Voievodships, which, it may here be recalled, have reached a high standard of agricultural development.

The egg trade—in particular, the methods of purchase—is far from being well organised, as, for the most part, it is carried on by small firms. There are only a few firms dealing in eggs on a sound commercial basis. Under such circumstances, it is highly satisfactory to note a rapid growth of the egg cooperative societies, which, although initiated before the Great War, were paralysed by it and suffered later by the inflation of the currency. At present they show signs of revival, which is reflected in the coming into being of new egg cooperatives; but they now bear a different character. Instead of dealing only in eggs, as was mostly the case before the war, the present organisations are attached to milk cooperative societies, which enables them to operate at a much cheaper cost and to make rapid progress. The cooperatives have so far only a small share of the egg trade, but there is ample evidence of a steady improvement in their position.

During the past year wholesale prices fluctuated between X 160 and 300 per case of 1,440 eggs, and were maintained at the same level as in 1925.

Cold storage has not so far been resorted to, so that eggs sold in winter are mostly "pickled" (in lime water). Sometimes, in order to obtain better prices, traders send their egg supplies to cold storage in Germany, the charge for the whole season being RMk. 7 per case.

In 1926 prices for eggs pickled in lime water, owing to the mild and prolonged autumn season, did not reach the anticipated level, and ranged from X 210 to 250 per case. This resulted in large losses to the firms, which had been unduly optimistic and had pickled large quantities of eggs.

Prices for eggs in Poland are maintained at a much lower level than on foreign markets. The difference in retail prices in 1926 is illustrated by the following figures:

	<i>U. S. A. cents per piece</i>	<i>Percentages of difference in relation to prices in Poland</i>
Warsaw	1·5 — 3·0	—
Berlin	2·6 — 4·0	73·3 — 33·3
Prague	2·1 — 4·0	40·0 — 33·3
Vienna	2·0 — 3·0	33·3 — 0·0
Paris	2·3 — 4·0	53·3 — 33·3
London	2·3 — 5·0	55·3 — 66·7
Moscow	2·1 — 3·3	40·0 — 10·0

During the past year the situation for Polish eggs on foreign markets was satisfactory; to this end contributed the lessening competition on the

the country. Thus the foreign trade returns for 1926 show that egg exports were valued at gold £ 74 million, which represents 5·7 per cent of the total value of Polish exports for that year.

The chief outlets for Polish eggs are — Germany, England and Austria, the bulk being directed to Germany, which in 1926 took 69 per cent of the total quantity sent abroad. It should be mentioned here that owing to the German-Polish customs war, the former imposes very high duties on eggs of Polish origin, amounting to RMK. 25 per 100 kg., while the regular autonomous rate, practiced in regard to imports from other countries is RMK. 6, and the convention rate — RMK. 5 per 100 kg.

The second best customer is England, which took nearly 14 per cent during the last year. Only the largest eggs are marketed in that country; medium sized



PASTURES IN THE TATRA MOUNTAINS (PHOT. T. & S. ZWOLIŃSKI)

part of Russia as well as the fall of the Złoty, which latter case enabled Polish exporters to quote low figures and nevertheless to make extra profits.

The production of eggs in Poland not only covers the local requirements, but leaves a margin of about one third for export. Since the repeal of restrictions on egg exports in Poland, that is since 1924, foreign trade in eggs has been steadily increasing. A convincing proof of this is afforded by the following figures:

Egg export — in tons

1922	5.093
1923	8.849
1924	10.421
1925	27.071
1926	58.566

It will be seen that the volume of foreign trade in eggs has increased by over 500 per cent in the last two years; and while ranking high among the exports of agricultural produce, this trade plays an increasingly important rôle in the prospects of

find their way to Austria and Germany, while the smallest are absorbed by local consumers.

As regards quotations on the foreign markets, Polish eggs are not among the highest. The cause of this is by no means the inferior quality of the eggs themselves, but simply the defective sales organisation. Side by side with high grade products, sent abroad by large and reliable firms, the export trade is carried on by intermediaries, who often deliver badly selected, dirty goods, which, in addition to not being packed in a proper manner, do not fetch remunerative prices. Thus, for example, in the middle of December last, the prices paid on the English market for 120 eggs were: for Dutch eggs — 27/3; for Danish eggs — 26/9; for Lithuanian and Russian — 14/-; while those of Polish origin fetched only 12/2.

With the view of improving the existing state of affairs, as regards both the reputation of Polish eggs abroad and the prices paid for them, the Government has decided to impose standards of quality for export eggs, which measure has been

favourably received by the agricultural and commercial circles affected.

The efforts towards rationalising the egg export trade is not a novelty in Poland. Certain steps in that direction had been already taken in 1922, but the law relating to the standardisation of the eggs for export was only elaborated last year. According to the project of this law, the export of eggs may only be undertaken by those firms, which have been granted a special licence by the Ministry of Agriculture, which licence will only be issued to firms possessing the necessary technical equipment. The law will contain provisions relating to quality, packing, methods of preservation &c.

The energy which is being displayed in the direction of far-reaching improvement of poultry farming, and the progress already made are sure to favourably affect the production of eggs in Poland. And the possibilities are vast. The present productivity of the Polish hen is unsatisfactory, it is about 70 eggs per annum as against 136 in the United States of America. And, if in addition it is taken into consideration that the number of poultry in Poland is 1.976 per 1.000 square hectares, as against 3.367 in Holland, 4.555 in England and 5.650 in Denmark, it is clear that there is no exaggeration in saying that this branch of national husbandry has good prospects for the future.

If poultry farming in Poland were to reach the

same standard of development as in Denmark, then the number of hens should reach 200 million, and the volume of egg production would grow at a still more rapid pace, owing to the increase observed in the productivity of Polish poultry. If the present favourable conditions continue — and there is no reason why they should not — it is certain that Poland will become an important supplier of eggs to the world market.

NEW PRINCIPLES OF ORGANISATION OF STATE UNDERTAKINGS.

The Council of Ministers has recently adopted a schedule of standard statutes for State owned industrial, mining, transport and other undertakings. According to this schedule, State undertakings are to be run on commercial lines, in that they will be treated as legal bodies and will enjoy complete independence from the commercial point of view. The schedule contains a detailed standard statute for all undertakings owned by the State, and fixes the deviations from the standard which may be allowed in certain isolated instances. It is interesting to know that the State undertakings will have the right to contract loans; the principals and the limits of responsibility of the Treasury for the liabilities of the undertakings, as well as the control of the undertakings by the State, are also specified.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej")
from February 15th to March 15th 1927

Amendments to the Statute of the Warsaw Mortgage Credit Association ("Dz. Ust. R. P." No. 12, item 94).

Reform of the tax on premises ("Dz. Ust. R. P." No. 12, item 95).

Supplementary charge in respect of letters sent from Poland to Irak and Persia, and which are to be transported by the desert motor express from Beirut to Bagdad ("Dz. Ust. R. P." No. 12, item 97).

Modification of the administration of the Post Office Savings Bank ("Dz. Ust. R. P." No. 15, item 111).

Official bill of exchange forms ("Dz. Ust. R. P." No. 15, item 113).

Amendments to the railway freight tariff¹⁾ ("Dz. Ust. R. P." No. 15, item 114).

Amendments to the regulations concerning the rate of tobacco products ("Dz. Ust. R. P." No. 16, items 120, 121 and 122).

The postponement of the date of filling of the income tax returns ("Dz. Ust. R. P." No. 16, item 123).

Customs rebate on the import of nitrates²⁾ ("Dz. Ust. R. P." No. 16, item 124).

The reduction of the legal rate of interest (up to 10 per cent)³⁾ ("Dz. Ust. R. P." No. 16, item 125).

Amendments to the narrow gauge

railway freight tariff ("Dz. Ust. R. P." No. 16, item 126).

Prolongation of the term of relief payments to the unemployed ("Dz. Ust. R. P." No. 17, item 131).

The principles of calculation of distances between railway stations in connection with the fixing of transport charges ("Dz. Ust. R. P." No. 17, item 132).

Temporary regulations in respect of consignments transported by the recently opened Kalety-Podzamcze railway ("Dz. Ust. R. P." No. 17, item 133).

The opening to the public of the newly constructed Zgierz-Kutno railway ("Dz. Ust. R. P." No. 17, item 134).

The prolongation of the term of validity of the reduced railway tariff for consignments of coal destined for Austria ("Dz. Ust. R. P." No. 17, item 135).

The prolongation of the term of validity of an export duty on rye and rye flour¹⁾ ("Dz. Ust. R. P." No. 17, item 136).

Bulk payments of postal fees for the delivery of parcels and letters dispatched by Government offices and local district authorities ("Dz. Ust. R. P." No. 19, item 141).

The refunding of customs duties at the time of exportation of dyed woolen yarns ("Dz. Ust. R. P." No. 19, item 148).

Supplement to the German-Polish railway freight tariff ("Dz. Ust. R. P." No. 19, item 149).

The increase of the capital of the Bank Gospodarstwa Krajowego ("Dz. Ust. R. P." No. 20, item 150).

Amendments to certain articles of the Match Monopoly Law ("Dz. Ust. R. P." No. 20, item 151).

The reduction of the maximum permissible rate of interest in respect of credit⁴⁾ ("Dz. Ust. R. P." No. 22, item 173).

Ratification of the Polish-German railway agreement ("Dz. Ust. R. P." No. 23, item 174).

Supplementary rates to the German-Polish railway freight tariff ("Dz. Ust. R. P." No. 23, item 180).

Increase of the price of sugar ("Dz. Ust. R. P." No. 23, item 188).

Privileges in regard to the protection of inventions, patents and trade marks extended to the International Cinematography Exhibition ("Dz. Ust. R. P." No. 24, item 190).

Reduction of the customs duty on potatoes for planting purposes²⁾ ("Dz. Ust. R. P." No. 24, item 192).

¹⁾ See page 158.

²⁾ See page 156.

³⁾ See page 162.

⁴⁾ See "The Polish Economist" No. 3/1927, page 142.

¹⁾ See page 162.

²⁾ See page 157.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN FEBRUARY.

During the four weeks from January 30th to February 26th the number of unemployed in Poland increased insensibly — from 251,702 to 256,392, that is by 4,690 or by 1·5 per cent. Compared with February 1926 there were 102,036 or 28·8 per cent less; compared with the end of October 1926, the period when unemployment for that year reached its lowest level, the reduction was 59,842 or 30·4 per cent.

The labour market in February was still under the influence of winter depression; yet certain signs of an early improvement are already evident. In agriculture heavy work is not undertaken until later in the year, and in general felling in the forests is the only work being done; in seasonal industries the turning point came out in the full. Thus at the end of the campaign in the sugar industry, a large number of workmen were discharged, while at the same time a revival set in in the building and allied industries. Brick works were again working full time, while certain of them sold the whole of their stocks; similarly, intensive activity recommenced to a large extent in the earthenware industry, cement works and sawmills — mostly, it is true, for export. The remaining branches of industry did not in general show any serious changes; prospects in general are good, except for the coal industry. The migration of workmen did not reveal any marked changes, compared with January, although the emigration of workmen to Germany for the spring season began. The improved conditions are shown by the further reduction, in spite of the release of workmen from public enterprises, of the rate of increase of unemployment; thus the average weekly increase of unemployed was in December 7,098, in January — 3,911, and in February — 1,172.

The following table shows the number of unemployed according to trades:

	January 1926	February 1927	+ Increase — decrease
mining	18,616	18,655	+ 39
foundries	5,699	5,578	- 121
metal	17,594	16,828	- 766
textile	26,404	25,480	- 924
building	21,983	22,676	+ 693
clerical	22,399	23,120	+ 721
various	139,007	144,055	+ 5,048
Total:	251,702	256,392	+ 4,690

The mining industry showed hardly any change (increase of 39), but a certain turn for the worse must be expected in

the near future in the coal industry, in connection with the normal falling off of demand in the spring and summer seasons, and owing to the decline in exports. In the oil industry there is no change, in some districts drilling augmented. The unemployed were 12 per cent of the employed.

In the founding industry the prospects are good. In this connection the foundries are undertaking a series of investments. The demand for building iron increased markedly. The number of unemployed (less 121) was 11 per cent of those at work.

In the metallurgical industry unemployment decreased by 766, mainly thanks to the absorption of new hands by the manufacturers of agricultural tools and machines; the demand for these articles was markedly greater in February than in December. Waggon factories, at present working full time, are expecting to obtain less orders in the future. The quantity of unemployed in relation to employed decreased from 26 to 25 per cent.

The situation of the textile industry may be described as wholly favourable. The demand for summer wear — both wool and cotton goods, especially white materials, has allowed the textile industry to endeavour to increase its production. The Bielsk woollen industry expects in a short time to sell the whole of its production of summer goods. The number of unemployed in the textile industry decreased by 924, being 19 per cent less than in the previous month.

The clerical workers group showed an increase of unemployment by 721, while the various trades group increased by 5,048 (by 10,298 in January, and by 28,895 in December).

The fall of the rate of increase of unemployment in this last group permits the assumption that in the spring there will at last be a betterment in this most important group, which has a decisive influence on the general level of unemployment.

There were 30,562 part time workers employed (34,177 in January), where 25 persons worked one day per week, 490 — 2 days, 1923 — 3 days, 8,309 — 4 days and 19,815 — 5 days per week. The part time worker was employed an average of 4·5 days a week as against 4·2 days in January.

GRAIN

The Chief Statistical Office has calculated that there is 1 per cent increase in the area under winter corn sown in the autumn of 1926 over that of the preceding year, namely:

	Area in hectares	Percentages of difference in relation to 1925
wheat	1,068,000	2·5
rye	5,014,000	0·7
barley	25,600	0·4

The state of the sowings calculated on the basis of the five point system*) is a little worse than in January, yet it is better than during the same period of last year, as is shown by the following statement:

	January 1926	February 1926	February 1926
	1 9	2 7	1926
wheat	3·6	3·4	3·2
rye	3·5	3·5	3·2

The atmospheric conditions were, in general, different in February than in the preceding month. The mean temperature, except in the Western and South Western areas, was lower than the average of many years past; rain or snow falls were small, in general from 20 to 50 per cent of the mean for the last few years; the West and South had more snow and rain, but even there only from 50 to 90 per cent of the usual average. The layer of snow extended over almost the whole country, and in addition to the Eastern frontier, embraced the Voievodships of Białystok, Lublin, Kielce, former Austrian Poland and the Silesia.

The export of corn, with the exception of oats, diminished in February to the value of ₣ 4,328,485 as against ₣ 4,842,999 in January; as compared with the preceding month and the corresponding period of last year, it was as follows (in tons):

	January 1926	February 1926	February 1926
	1 9	2 7	1926
wheat	533	168	9,325
rye	1,303	496	9,750
barley	9,057	8,829	7,596
oats	772	1,291	7,712

The main importer of wheat and rye was Germany, where the whole of exported Polish wheat and nearly 97 per cent of the rye was sent. Barley was delivered mostly to Belgium — 35·2 per cent, Germany — 30·6 per cent, and Holland — 22·8 per cent, while smaller quantities

*) 5 — excellent, 4 — good, 3 — moderate, 2 — bad, 1 — very bad.

were exported to Denmark, Sweden, Estonia, Finland, Austria and Czechoslovakia. Oats, the exports of which rose markedly from the preceding month, were directed mainly to Germany — 52·2 per cent, and to Belgium — 15·5 per cent.

The import of corn into Poland came to £ 11,987.359, thus causing an unfavourable balance in grain transactions of over £ 7·5 million. Compared with the preceding month, the import of wheat and rye, of which the main suppliers were Russia and Hungary, considerably increased. The import of barley was insignificant and kept to about the same level as during the preceding month, while the imports of oats, almost

entirely of German origin, diminished. The amount of grain imported was as follows (in tons):

	January	February
wheat	7,329	10,029
rye	6,071	18,035
barley	63	65
oats	1,569	1,037

As regards the stabilisation of prices, the month of February constitutes a record period this year. There was a complete equilibrium between the supply and demand of grain on the internal market; the introduction of an export duty on rye did not cause any reaction on the part of the corn exchanges, the quotations being maintained at the level

of £ 40. In accordance with the decree dated February 28th 1927 the application of export duties on rye and rye flour was to be continued until March 31st.

The increase in prices of oats for sowing purposes took place during the week ending February 28th, and has been arrested owing to the import of oats from Germany, which having given good results in the last season, were again made use of this year. During the first half of March, the prices of grain rose owing to the soon commencing of operations in the fields and the consequent decline in the supplies on the market. The movement of prices during the period under review is illustrated by the following statement:

	Febr. 1st—15th		Febr. 16th—28th		March 1st—15th		Percentages of difference	
	£	\$	£	\$	£	\$	£	\$
W H E A T :								
Warsaw	52·67	5·90½	51·87	5·81½	54·81	6·14½	+ 5·67	+ 5·67
Poznań	50·00	5·60½	48·98	5·49	51·51	5·77½	+ 5·17	+ 5·19
Lwów	53·07	5·95	51·55	5·78	53·69	6·02	+ 4·15	+ 4·15
Average price	51·91	5·82	50·80	5·69½	53·33	5·98	+ 4·98	+ 5·00
Berlin RMk.	26·79	6·38	26·27	6·25½	26·86	6·39½	+ 2·25	+ 2·24
Chicago	—	5·17½	—	5·12	—	5·11	—	0·20
R Y E :								
Warsaw	39·91	4·47	39·43	4·42	40·76	4·57	+ 3·37	+ 3·39
Poznań	39·91	4·47	38·98	4·37	40·63	4·55½	+ 4·23	+ 4·23
Lwów	38·20	4·28	37·46	4·20	39·29	4·40½	+ 4·88	+ 4·88
Average price	39·34	4·41	38·62	4·33	40·22	4·51	+ 4·14	+ 4·16
Berlin RMk.	25·05	5·96½	24·67	5·87½	24·77½	5·90	0·43	+ 0·43
Chicago	—	4·19	—	4·17	—	4·15	—	0·48
B A R L E Y :								
a) Brewing:								
Warsaw	36·75	4·12	36·20	4·06	37·36	4·19	+ 3·20	+ 3·20
Poznań	34·96	3·92	34·96	3·92	35·05	3·93	+ 0·26	+ 0·26
Average price	35·85	4·02	35·59	3·99	36·21	4·06	+ 1·74	+ 1·75
Berlin RMk.	23·01½	5·48	22·76	5·42	22·68	5·40	- 0·35	- 0·37
b) Feeding:								
Poznań	31·21	3·50	31·48	3·53	31·48	3·53	0·00	0·00
Lwow	not quoted		not quoted		30·24	3·39	—	—
Average price	—	—	—	—	30·86	3·46	—	—
Berlin RMk.	21·03	4·77	19·96½	4·75½	19·86	4·73	0·53	0·53
Chicago	—	3·32½	—	3·26	—	3·32½	—	+ 1·99
O A T S :								
Warsaw	31·40	3·52	31·75	3·56	34·43	3·86	+ 8·44	+ 8·43
Poznań	29·74	3·33	29·85	3·34½	32·46	3·64	+ 8·74	+ 8·82
Lwów	29·83	3·34	29·00	3·25	31·17	3·49½	+ 7·48	+ 7·54
Average price	30·32	3·40	30·19	3·38½	32·69	3·66½	+ 8·28	+ 8·27
Berlin RMk.	19·48½	4·64	19·57	4·66	19·82	4·72	+ 1·28	+ 1·29
Chicago	—	3·20	—	3·10	—	3·17	—	+ 2·26

B U T T E R

— During the latter half of February the butter market was fairly steady. The upward tendency was almost entirely due to the weather conditions, as the reoccurrence of cold exercised a marked influence on the production of butter and therefore on the supplies on the market. The spell of cold weather between February 18th and 24th caused the transactions to be brisk, as the purchasers feared the prolongation of cold weather and anticipated increase of prices, but the setting in of warmer weather at the end of the month put a stop to this tendency.

The beginning of March was marked by a decline in prices, owing to the gradual increase of milk supplies, which is a normal seasonal feature. During the first half of the month the supplies rose considerably, and as the consumption rose to the same extent, wholesale prices experienced a gradual fall.

The prices for butter of first quality for the first half of March, compared with the same period of the preceding month, are given below:

	<i>February 15th-28th</i>	<i>March 1st-15th</i>	<i>Percentages of difference</i>	
	<i>X</i>	<i>\$</i>	<i>X</i>	<i>\$</i>
Warsaw	7·50	0·83	7·20	0·80
Wilno	7·80	0·86	7·60	0·84
Lwow	7·30	0·81	6·60	0·73

— 4·0 — 3·7
— 2·6 — 2·3
— 9·6 — 8·7

The February exports amounted to 319 tons valued at X 1,618,212, the chief customer being Germany, which took 97 per cent.

E G G S

— During the second half of February there was a downward tendency on the egg market, and it was not until the end of the month, when the short period of cold weather contributed towards the decline of egg production and caused a consequent falling off of supplies, that the prices recovered. Favourable weather conditions in the course of the first few days of March were responsible for the reoccurrence of a strong downward tendency which resulted in the decline of prices in the first half of March to X 35·50 per case of 1,440 eggs, as compared with X 50 at the end of the preceding month.

Wholesale prices per case of 1,440 eggs during the period under review were as follows (in X):



A PORTION OF THE STATE PETROLEUM REFINERY
AT DROHOBYCZ (PHOT. S. PLATER)

	<i>February 15th-28th</i>	<i>March 1st-15th</i>
Warsaw	235 to 255	190 to 225
Lwow	225 „ 235	160 „ 175

The anticipations of further recessions in prices and the possible losses restrained dealers from the accumulation of stocks. On the other hand, the export trade was increasingly busy. At the end of the period under review prices for export goods from former Austrian Poland fluctuated within the narrow limits of \$ 20·75 to 21·25 franco frontier per two small cases of 720 eggs each. The exports of eggs during February amounted to 3,072 tons valued at X 7,672,885, of which 76·6 per cent was directed to Germany. Large consignments were also sent to England and

Austria, which took 16·9 per cent and 4·4 per cent respectively. Switzerland, Holland, Latvia, Czechoslovakia and Italy were responsible for the purchase of much smaller quantities.

S U G A R

— The production of sugar in Poland when converted into crystal sugar amounted during the last campaign (October 1926—February 1927) to 502,000 tons and was smaller by 18,000 tons than in 1925/6. The decline in production is accounted for by excessive rains which seriously damaged the plantations, and also to the crops being affected by the "Cercospora beticola". The damages



SUGAR FACTORY AT PRZEWORSK

were very serious in certain of the central Voievodships and are responsible for the reduction by 25 to 33 per cent of the sugar beet crops in the districts concerned.

The throughput of sugar beet in the last season was effected under normal conditions, although the campaign itself was shorter owing to the restricted supplies.

Of the total production of 502,000 tons, about 275,000 tons were destined for local consumption, while the remainder of 227,000 tons has already been or will be sold in foreign markets.

The price of sugar on the local market during the period from February 1926 to February 1927 was maintained at the level of 82·50 for 100 kg., exclusive of the consumption tax amounting to 38·50 per 100 kg. The present price for sugar is 87·50 per 100 kg.

The figures relative to the 1926/7 campaign as compared with those for 1925/6 are given below (in tons):

	1925/6	1926/7
Stocks at the beginning of the campaign (Oct. 1st)	347	17,668
Production:		
October	117,874	135,351
November	214,034	226,735
December	140,657	121,069
January	39,370	12,595
February	9,596	521,531
	<u>84</u>	<u>495,834</u>

Local consumption:		
October	18,763	20,983
November	21,400	34,165
December	27,010	21,172
January	20,776	29,742
February	15,399	103,348
	<u>17,436</u>	<u>123,498</u>

Exports:		
October	38,049	47,209
November	60,872	77,327
December	44,257	35,073
January	22,388	14,129
February	18,314	183,880
	<u>16,954</u>	<u>190,692</u>

Stocks at the end of the campaign (Febr. 28th)	234,650	199,312

There were 70 sugar factories at work during the 1926/7 season as against 72 in 1925/6. The areas under cultivation were 173,950 and 185,863 ha in 1925/6 and 1926/7 respectively. The yield of sugar per 1 hectare was 2·66 tons as against 3·01 tons a year earlier.

It may be of interest to note that the local consumption is steadily increasing, which is of particular importance to the sugar industry, owing to the fact that the prices obtained on foreign markets are so much depressed that they do not cover the actual cost of production: while the prices ruling on the world market are slightly below £ 60, the cost of production comes to £ 68 to 80, and it is as low as £ 62 only in two largest sugar factories.

The present consumption of sugar per 1 inhabitant is over 10 kg., which is the normal pre-war figure. The progress made in this respect is illustrated by the following data (in kilos):

1920	4·3
1921	4·8
1922	6·5
1923	6·7
1924	8·8
1925	9·4
1926	over 10—

T I M B E R

— The consequences of the situation on the Polish timber market described in the previous issues, are beginning to have an influence on timber exports. The exports for the first two months of 1927 are given in the following table (in tons):

	January	February
pulpwood	115,568	111,725
pit props	92,008	87,286
logs and stems	67,525	130,267
deals, boards, battens	155,863	108,928
telegraph poles	3,422	3,755
sleepers	15,396	6,974
coopers ware	4,197	2,847

The hundred per cent rise in exports of logs for saw mills, together with a decline of 33 per cent in the export of sawn materials and of more than 50 per cent in the export of sleepers, are symptoms of the condition on the timber market. The low English prices for sawn material do not allow exporters and manufacturers to buy raw materials at the present rates, which are approximated to the German level prices; consequently, the profitless export of finished material is slackening, and the exports of raw material, for which the German market is open, gaining. The greater part of the logs exported in February belong to the category of joiners materials which cannot be sawn to English dimensions.

The relation of prices did not change in February, although the Danzig prices for finished materials for the English market showed a further rise, which was compensated for by a still further, though insignificant, increase in the price of raw material. The Danzig prices are as follows (in shillings):

	January	February
blocks	43/- to 50/-	46/- to 55/-
pine telegraph poles	21/- "	22/- to 25/-
" pit props	13/- "	14/- to 14/-
oak logs 40—50 cm.	80/- "	85/- to 90/-
" over 50 "	140/- "	140/- to 180/-
aspen logs for matches	—	45/- to 50/-
sleepers (per piece)	5/10 to 6/-	6/- to 6/3
pine railway sleepers (per piece)	3/3	3/3
oak railway sleepers (per piece)	6 -	6 -
oak plancons (per 1 cub. m.)	—	80/- to 100/-
pine English planks (per standard)	10.0.0 to 10.5.0	10.5.0 " 11.0.0
spruce English planks (per stand.)	10.1.0 " 10.5.0	10.3.0 " 10.8.0

The prices obtained during these months in various Forest Directorates, in wholesale transactions f. o. b. loading station, were (in £ per 1 cubic metre):

	Jan.	Feb.
pine logs for saw mills (per cubic m.)	Warsaw	51·29 55·27
" " "	Radom	35·— 36·—
" " "	Siedlce	38·— 40·—
" " "	Wilno	36·30 33·—
" " "	Bialowieza	38·— 50·—
" " "	Poznan*	46·76 45·09
" " "	Bydgoszcz*	38·48 41·35
" " "	Torun*	53·— 52·60
pine logs for building purposes (per cubic m.)	Siedlce	34·— 34·—
" " "	Bialowieza	30·— 30·—
" " "	Wilno	24·20 22·—
pine pit props (per cubic m.)	Warsaw	35·75 39·59
" " "	Radom	24·— 24·—
" " "	Siedlce	— —
" " "	Poznan*	20·— 15·—
" " "	Bydgoszcz*	27·68 25·98
" " "	Torun*	24·80 —
spruce logs for saw mills (per cubic m.)	Siedlce	30·— 30·—
" " "	Lwów	26·36 28·40
oak logs for joinery (per cubic m.)	Bialowieza	85·— 90·—
" " "	Luck	87·50 —

* Measured with the bark.

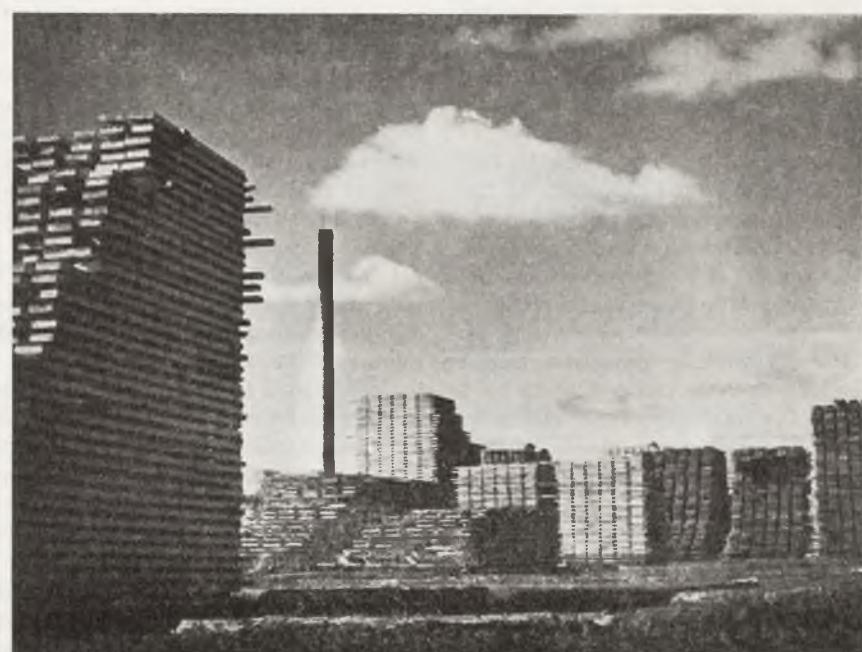
** T. O. B. for timber affected by the "Panolls flammer".

pulpwood (per stacked cub. m.)	Siedlce	23—23—
" "	" Wilno	22·50 22·50
pine fire wood (per stacked cub. m.)	Bialowieza	23—25—
" "	Warsaw	15—15—
" "	Radom	11—11—
" "	Siedlce	8—8—
" "	Wilno	6·50 6·50
" "	Bialowieza	11—12—
" "	Poznan*)	8·36 8·86**)
" "	Bydgoszcz*)	10·46 9·34
spruce fire wood (per stacked cub. m.)	Toruń*)	7·65 7·55**)
beech fire wood (per stacked cub. m.)	Lwów	7·36 7·30
	Lwow	11·30 10·90

Slight increases are shown, apart from an exceptional rise in the Bialowieza Directorate, due, no doubt, to the better quality of the goods sold in February. In view of the expiration of the season for exploitation, and the closing of the greater part of the transactions, the further developments in prices will have no significant influence on exports. In one word, the fiscal year does not promise very favourably for normal exports and profits from sawn materials. This will necessitate the serious consideration of the means of alleviating the situation of the limber industry for this season, and the preventing of the repetition of a similar state of affairs next year.

COAL

The prospects for the Polish coal industry took a turn for the worse in February, due to the close of the winter season and the setting in of warmer weather, and also to the appearance of intensive English competition after the liquidation of the strike. The English coal merchants, aiming at the quickest possible control of their former markets, lowered the prices on foreign markets to such an extent that Polish coal, partly owing to the high cost of transportation, could not withstand this competition. This caused a reduction of the amount of coal exported to those countries, where, owing to its quality, it had won approbation, and where the demand was considerable. Yet the most direct cause of the decrease of coal export in February was the fact that reduction in the railway tariffs did not become effective until the 1st of March. The significant increase of coal export by sea in the beginning of March confirms this.



EXPORT TIMBER STOCKS IN THE SAW MILL DISTRICT NEAR BYDGOSZCZ (PHOT. S. PLATER)

The state of the industry in Poland in February is given in the following provisional figures (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads
Upper Silesia	2,492,000	1,371,000	770,000	845,000
Dąbrowa	684,000	404,000	111,000	321,000
Kraków	235,000	193,000	500	91,000
Total for February:	3,411,000	1,968,000	881,500	1,257,000
Total for January ¹⁾ :	3,698,000	2,174,000	1,169,000	1,092,000
+ in relation to Jan.:	+ 287,000	+ 206,000	- 287,000	- 165,000

The extraction of coal diminished in February by 287,000 tons or by 7·76 per cent — to 3,411,000 tons, as against 3,698,000 tons in January, while the total sales fell more markedly — by 493,500 tons or by 14·76 per cent. Consequently, the stocks of coal at the pit heads rose at the end of February to 1,257,000 tons, that is by 165,000 tons, or 15·11 per cent. Consumption decreased by 206,000 tons or 9·48 per cent, to 1,968,000 tons, compared with the preceding month (2,174,000 tons).

The export of coal diminished to a somewhat greater extent than consumption, and was 881,500 tons in February as against 1,169,000 tons in January, a fall of 287,500 tons or 24·59 per cent.

The export of coal in February to foreign countries is given in the following table (in thousands of tons):

Destination	1925: 1926: 1927:		
	1st sem.	1st sem.	Jan.) Febr.
Austria	194	214	339
Hungary	36	42	79
Sweden	—	144	217
Denmark	2	72	81
Czechoslovakia	47	41	70
Latvia	1	18	35
Yougoslavia	8	14	13
Switzerland	2	10	24
Italy	1	49	186
Rumania	6	8	12
Lithuania	1	3	16
Memel	1	3	1
Holland	—	1	—
Finland	—	9	4
France	—	23	14
Norway	—	7	3
England	—	37	1
Germany	451	1	1
Belgium	—	—	3
Russia	—	—	27
Other countries	—	1	—
Total:	750	697	1,126
Danzig	26	37	37
Bunker coal	—	38	6
Grand total:	776	772	1,169
Export, Germany not included	325	771	1,168

Shipped through:	Danzig	Gdynia ²⁾	Tczew
Danzig	29	225	290
Gdynia ²⁾	—	30	38
Tczew	—	5 ³⁾	2

The above data demonstrate that the heaviest falls in exports were to Austria, by 136,000 tons (from 339,000 tons to 203,000 tons), and to Sweden (by 62,000 tons), and in smaller degrees to Czechoslovakia.

¹⁾ Measured with the bark.
²⁾ T. O. B. for timber, affected by the "Panolls flammes".

³⁾ Corrected figures.

¹⁾ Corrected figures.
²⁾ Since September 1925.

³⁾ Average quantity for 6 months.

slovakia (21,000 tons), Russia (20,000 tons), Denmark (14,000 tons), Hungary (13,000 tons), Danzig (10,000 tons), and Italy (10,000 tons); inconsiderable diminutions were shown in exports to Yugoslavia, Switzerland, Rumania, Finland, Belgium and Lithuania. At the same time exports to France, Norway and Latvia increased slightly.

The average daily shipments of coal in February, with 23 working days, were 38,304 tons as against 48,708 tons in January (24 working days) — a fall of 10,404 tons or 21·36 per cent.

Out of the total exports in February, there were sent through Danzig 224,000 tons, or 46,000 tons—15·86 per cent less than in January; through Gdynia — 30,000 tons, or 8,000 tons—21·05 per cent less; and through Tczew — 6,000 tons, or 4,000 tons more. To sum up, shipments through the above ports decreased by 50,000 tons or by 15·15 per cent, and were 31·78 per cent of the total coal exports during this month, as against 28·23 per cent in January.

As to the other coal exports routes, here passed through Germany — 100,989

tons, Austria — 136,832 tons, Basel — 15,841 tons, Tarvisio — 2,613 tons, Zemgale — 28,238 tons, Eidtkunen — 515 tons. It will be seen that the export through German ports is dwindling.

In connection with the further worsening of coal export, the collieries were forced to introduce idle days and to reduce the number of workmen — as yet to an insignificant degree. The reduction affected mainly the workmen engaged temporarily for the time of the English strike. In February there was in the collieries a total of 125,428 workmen, or 1,201 less than in January. The total number of unemployed in the Polish mines rose at the end of February insensibly, being on the 26th of that month 18,655 as against 18,616 on the 29th of January.

Wages in the mines remained unchanged. Working unions made a demand of about 20 per cent rise in wages, and declared a temporary agreement from April 1st. In this respect conferences with the employers are being held.

Coal prices within the country remained unchanged, as did likewise the

conventional export prices: to Austria, Czechoslovakia, and Hungary. The prices f. o. b. Danzig were lowered as follows in February (in shillings):

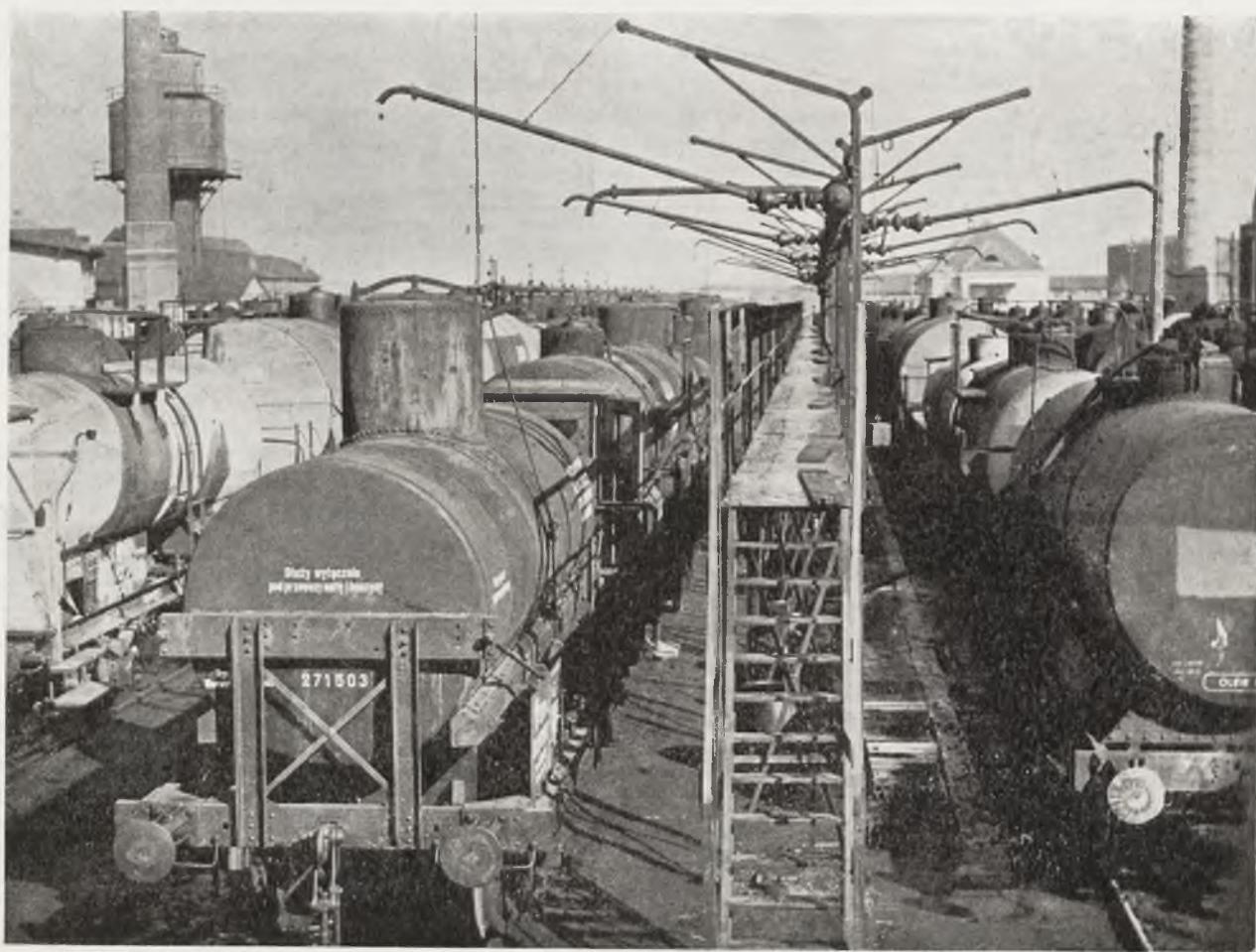
large Silesian coal:		
at the beginning of February	16/6	
" " end	" "	(about) 15/-
Dąbrowa coal:		
at the beginning of February	15/6	
" " end	" "	(about) 14/-

There is a slight upward tendency, and already there are signs of a stabilisation of prices.

PETROLEUM

— The extraction of crude oil decreased during February by approximately 4,000 tons, mainly due to there being 3 less working days than in January, the daily production having remained on about the same level.

Oil prices on the open market showed an upward tendency at the close of the month, and were \$ 2·40 for 100 kg. loco mine for Borysław crude. Prices of petroleum products on the home market were



PETROLEUM STATION IN DROHOBYCZ (PHOT. S. PLATER)

owered with the exception of petroleum and paraffine wax. The price of petroleum increased by approximately 20 per cent.

At the beginning of the month an agreement was concluded between the refineries to fund a general office for sales of paraffine at home and abroad; the export prices for this product were then fixed at \$ 12·5—13·25 per 100 kg. franco frontier or c. i. f. European port.

In spite of the decline of cost of upkeep in the petroleum areas by 0·6 per cent., workmen's wages remained unchanged.

In January the production of crude oil reached 60,030 tons. Due to the favourable results of drilling in Southern Mraźnica (Borysław area) drilling activity increased in spite of the winter season. The refining industry showed a slight weakening as usual during this month, 63,794 tons of crude oil being treated, from which was produced 56,864 tons of petroleum products. The export of petroleum products amounted to 31,296 tons, or 4,028 tons less than in December. Home consumption rose by 1,924 tons and totalled 32,272 tons.

The output, home consumption and exports of petroleum products in January last are shown below (in tons):

	Output	Local con-	Exports
benzine	6,729	883	6,673
petroleum	19,361	17,826	6,184
gas oil	10,510	3,058	8,984
lubricating oil	7,965	4,678	2,990
paraffine wax	3,526	795	2,036
candles	47	13	25
vaseline	51	34	—
asphalt	761	835	2,538
coke	799	273	859
semi-finished products	6,921	3,699	996
solid lubricants	194	178	11
Total:	56,864	32,272	31,296

A further decrease in exports of petroleum and lubricating oils is noticeable, as is an increase in the export of oil from natural gas.

The distribution of the exports of petroleum products is indicated below (in tons):

Czechoslovakia	10,573
Austria	5,435
Germany	3,702
Hungary	677
Switzerland	3,776
Sweden	319
Italy	238
Denmark	372
France	370
Various	1,742
	27,204
Danzig.	4,092
Total:	31,296

The first days of the month already show that 1927 will be a year more favourable to the development of oil mining in Poland than its predecessor—1926.

DELIBERATIONS ON THE CRISIS IN THE PETROLEUM INDUSTRY.—

Despite the steady increase in prices for petroleum products, which has been observed in Poland during the past few years, and the increase in the output of the refineries and the volume of exports of petroleum products, the situation of this industry cannot be regarded as satisfactory. This is reflected by the decline in production of crude oil and, what is more serious, by the decline of drillings from 271 in 1921 to 122 in 1926. The prospects are further aggravated by the gradual exhaustion of the Borysław area which produces about 80 per cent of the total Polish output.

The Minister of Industry and Commerce convened a meeting on February 28th with the view of investigating this problem and deciding what measures should be taken to improve matters. In the first place it was found absolutely necessary to promote the drilling activity, which the Minister of Industry and Commerce announced would be facilitated by the passing of a special law, providing for the development of oil-drilling and the granting of special facilities, such as the reduction of taxes,



IN THE BORYSLAW PETROLEUM AREA (PHOT. S. PLATER)

the admission duty free of oil-drilling plants and tools belonging to oil prospectors &c. Better and easier terms will be granted to lease-holders of Polish State - owned oil - bearing territories. Finally, intensive prospecting work is to be carried out at the Government's expense with the view to finding new territories to replace those which have become exhausted.

SALT

In the course of the second half of 1926*), all the Polish salt concerns, State as well as private, were continuously at work employing 3,706 workmen, the total production of salt during this period amounting to 254,593 tons.

Of this total the 13 State salt mines produced 148,875 tons or 58·5 per cent, while 3 private concerns produced 105,718 tons or 49·5 per cent.

The above totals are composed of rock salt — 124,900 tons, 49 per cent; evaporated salt — 63,917 tons, 25·2 per cent; and lastly brine, which was included in the dry salt to the extent of 65,776 tons, 25·8 per cent. Included in the above totals are 11,047 tons of high quality salt evaporated from contrivances of the "vacuum" system in Wieliczka.

The grading of the salt was as follows: table salt 169,314 tons — 66·5 per cent; industrial salt, mainly for the manufacture of soda, 80,159 tons — 31·5 per cent; cattle salt 3,770 tons — 1·5 per cent, and other grades 1,350 tons — 0·5 per cent.

Compared with the second half of 1925, the production in the second half of 1926 increased by 19,750 tons or by 8·4 per cent.

For the above rise in production the State salt mine in Wieliczka (South-Western Poland) is mainly responsible; next in line is the State Salt Works in Inowrocław (Voievodship of Poznań), lastly the two private brine works. Here it is well to underline the very favourable growth in the production of the Inowrocław works, which, thanks to the reorganisation of production methods, produces at present, with the same appliances, 60 per cent more salt than at the time of its pre-war German exploitation.

The production of the remaining salt works did not show any significant changes in comparison with the second half of 1925, with the exception, perhaps, of the private concern in Wapno (Voievodship of Poznań) belonging to

the Solvay Works, where the production decreased by 6,499 tons or by 16·2 per cent.

Stress must be laid on the growth of the production of individual grades of salt, and consequently the increase of consumption of cattle salt, by 3,260 tons compared with the second half of 1925, testifies to the increasing understanding by farmers of the advantages gained in the breeding of cattle through the addition of salt to their fodder. This fact is the more significant, in that at least 80,000 tons of salt may be put on the market in the future. The figure has been deduced on the basis of the present number of live stock in Poland, and the proportion of salt used for this purpose in Western European countries.

The general sale of salt for the second half-year of 1926 amounted to 262,135 tons, and thus, in addition to the whole production, a part of the stock was also sold. On January 1st 1927 the stocks were less than 6,000 tons; at the same time the superfluous stocks of "vacuum" salt in Wieliczka were to a great extent liquidated.

Out of the 249,184 tons sold, 95 per cent were placed on the home market, while 12,951 tons or 5 per cent were exported abroad. Compared with the second half of 1925, the home consumption increased by 9,177 tons — 3·8 per cent, and the export — by 7,790 tons — 151 per cent. The increase of salt export is especially fortunate in this case, since Poland, which is in fact a "salt country", can only seek and find an outlet for the further expansion of its salt industry in this way.

The main article of output was table salt, of which was exported 11,539 tons, 89·1 per cent, the balance of 1,412 tons, 10·9 per cent, being composed of industrial salt. The largest exporter was the private mine at Wapno, which sent abroad 8,513 tons — 65·7 per cent. The rest was exported by the Salt Monopoly from State salt works, namely: from the works in Inowrocław — 3,698 tons (28·5 per cent), and from the works in Wieliczka — 740 tons (5·8 per cent).

Polish salt was exported mainly to the Baltic states, principally Latvia, and 550 tons of manufacturing salt to Czechoslovakia. The last mentioned market which possesses hardly any salt of its own, and is wholly controlled by German salt, could by a suitable policy of prices and railway tariffs become a larger importer of industrial salt from Poland, namely — from Wieliczka and Bochnia mines, which are well placed geographically for such business; and so in the Polish exterior trade policy, this

question must, in the near future, obtain a place suitable to its importance.

The whole salt production was placed at the disposal of the State Salt Monopoly, which sold it on the home and foreign markets. An exception to this rule was industrial salt in the form of brine, which was immediately used as raw material at the place of production, mainly for the manufacture of soda, and partly for the generation of evaporated salt. Salt exported by the Solvay Company from the Wapno mine, sold directly by the above firm, was likewise an exception.

The monopoly prices for the home market did not show any particular changes in the second half of 1926, excepting that the price of vacuum evaporated salt in Wieliczka was lowered from £ 220 to £ 200 per ton. The Monopoly introduced the following changes in the sales policy: table salt was not sold f.o.b. works, but franco station of delivery, inclusive of freight charges averaged at £ 25 — 30 per ton. Nevertheless, industrial and cattle salt continue to be sold f.o.b. the mine at unchanged prices.

Transactions for export were contracted at various prices, very near to the actual costs of production in the different works.

On the basis of the above results of the exploitation of the Polish salt industry for the first and second halves of 1926, the balance of production and distribution of salt in Poland for the whole year is given below.

The general production of salt for 1926 was 457,771 tons, of this amount the State works produced 267,404 tons — 58·4 per cent, and the private works 190,367 tons — 41·6 per cent.

The above total is composed of rock salt, 218,919 tons — 47·7 per cent; evaporated salt, 120,483 tons — 26·5 per cent; brine, 118,369 tons — 25·8 per cent.

The grading was as follows: table salt, 305,941 tons — 66·8 per cent; industrial salt, 142,906 tons — 31·2 per cent; cattle salt, 6,990 tons — 1·6 per cent, other salts, 1,934 tons — 0·4 per cent.

Compared with 1925, the general production of salt in Poland increased in 1926 by 33,220 tons, or by 7·8 per cent.

The sale of salt in 1926 was 461,139 tons, showing an excess of 3,368 tons over the whole year's production; this amount was covered from stock.

The home sales for domestic consumption were 440,137 tons — 95·5 per cent, exports were 21,002 tons — 4·5 per cent.

The year 1926 saw an increase of sales over 1925 by 32,104 tons — 7·4 per cent: home sales rose by 25,053 tons —

*) The data for the first 6 months of 1926 — see "The Polish Economist" No. 2/1926, page 59.

6 per cent, while export increased by 7,051 tons—50·8 per cent.

The above general data give the grounds for stating that 1926 was a very favourable year for the Polish salt industry, equally in production and home consumption as in export. The reasons for such a state of affairs lie in the amelioration of the economic situation in Poland as compared with the year 1925.

POTASSIUM SALTS

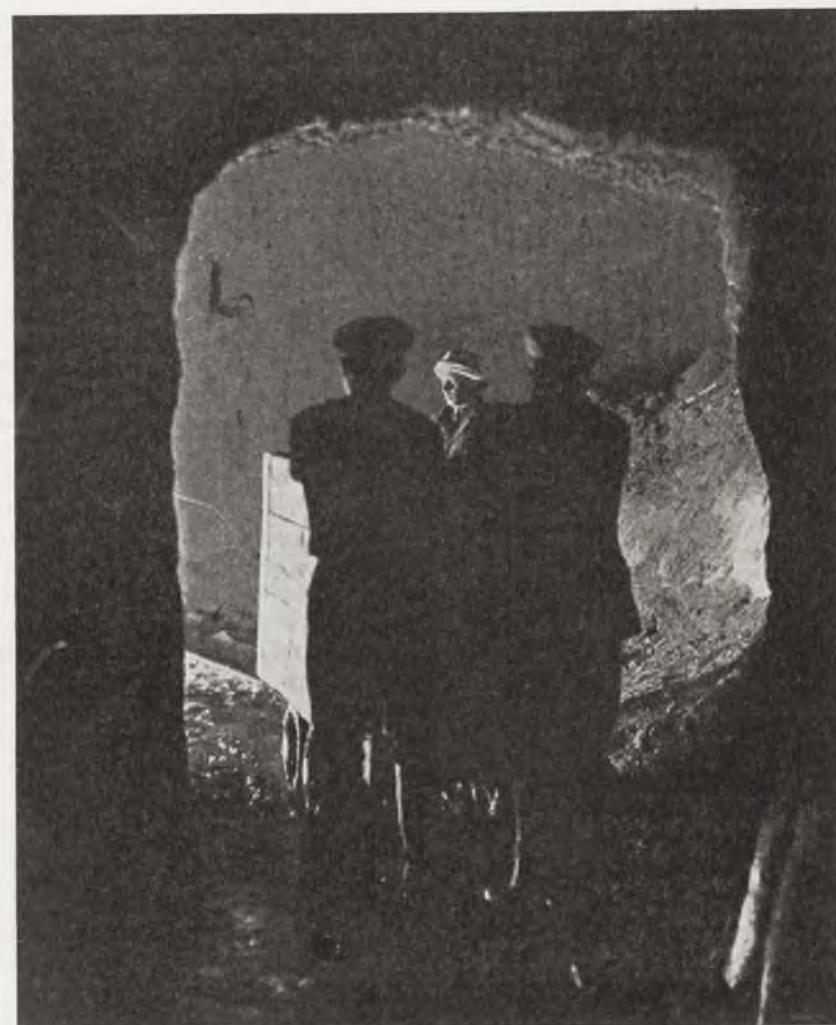
— The Polish potassium salt mines at Kalusz and Stebnik in the South East of Poland were continuously operated throughout the second half of 1926*), and employed on the average about 686 workers.

The total output increased very considerably during the period under review, and was 107,990 tons, an excess of 27,388 tons, or 34 per cent, over the corresponding period of 1925.

The production of the different sorts of potassium salts was as follows: 64,107 tons or 59·3 per cent of sylvinit with a content of K₂O from 15 to 35 per cent, and 43,883 tons or 40·7 per cent of cainit with a content of K₂O from 10 to 17 per cent. All the sylvinit was raised by the Kalusz mine, which in addition produced 2,203 tons of cainit, the balance of the production, i. e. 41,680 tons, being produced at Stebnik. Compared with the second half of 1925, the output of sylvinit was larger by 21,137 tons or 49·2 per cent, and of cainit — by 6,231 tons or 16·5 per cent.

The sales of potassium salts were effected under favourable conditions and amounted to 83,282 tons in the second half of 1926 which, as compared with the corresponding period of 1925, was larger by 12,988 tons or 18·5 per cent. The total sales of cainit and sylvinit were 44,392 and 38,800 tons respectively. Compared with the second half of 1925, the demand for cainit rose very considerably, the sales being larger by 21,822 tons, a gain of 96·7 per cent; on the other hand the quantity of sylvinit sold was less by 8,834 tons—a drop of 18·5 per cent.

The local market absorbed 76,545 tons or 92 per cent, the remainder representing 6,737 tons or 8 per cent, being taken by foreign consumers. Compared with the second half of 1925, local sales



IN THE KALUSZ STATE POTASSIUM SALT MINE (PHOT. S. PLATER)

were larger by 14,747 tons or by 23·8 per cent.

Exports declined by 1,759 tons or by 20·7 per cent, and were chiefly directed to Czechoslovakia, Bulgaria, Sweden and Denmark.

Owing to the favourable development of the Polish production of potassium salts and the continuance of the customs war between Poland and Germany, which latter country is the chief supplier of potassium salts to the world market, the volume of these salts imported into Poland in the latter half of 1926 amounted to 16,323 tons, the decline as compared with the corresponding period of 1925 being 10,813 tons or 40 per cent.

The total consumption of potassium salts in Poland during the period under review was 92,784 tons, including 76,551 tons or 82·4 per cent of locally produced salts and 16,332 tons or 17·6 per cent of imports.

Compared with one year earlier, local consumption in the second half of 1926

increased by 3,940 tons—or 4·4 per cent. It is interesting to note the preference which is being given to locally produced salts, the consumption of which rose by 14,753 tons or by 23·8 per cent, while the consumption of the imported article declined by 10,804 tons or by 39·8 per cent.

It is obvious therefore that Polish potassium salts can compete successfully with those of foreign origin, and that they tend to meet the total requirement of the country for these purposes. It is safe to say that this industry which was so neglected before the war, has bright prospects for development. The newly erected special concentrating plant at Kalusz will contribute to a large extent to the suspension of the import of potassium salts from abroad, as it will be able to supply salts with a well defined content of K₂O, which, it is certain, will in point of quality be just as good as the German production to which the Polish agriculturists, parti-

*) The data for the first 6 months of 1926 — see "The Polish Economist" No. 3/1926, page 98.

cularly those in former German Poland, are accustomed.

The stocks of potassium salts at the factories at the end of 1926 amounted to 80,975 tons; this quantity, though large as compared with 56,168 tons at the begining of the second half of 1926, did not give ground for apprehension as regards the sales, as it did not arise through a fall in consumption but simply owing to increased production.

IRON

— The situation in the iron founding industry in February was equally as good as in the preceding month. The orders already in hand are sufficiently large to keep the foundries well employed during several months to come. In addition to the large orders already placed by the Government, the successful conclusion of important contracts for the supply of goods to the Ministry of Communication is anticipated. The private market has also shown a considerable activity which is to be ascribed to the approaching spring season and the opening of the building period. Wholesale dealers have begun to complete their stocks by new assortments. The imports of scrap iron declined from 37,425 tons in January to 25,821 tons in February, but have been maintained above the 20,000 tons contingent foreseen by the Geneva convention. The production of pig iron rose somewhat as compared with February, the increase per day being about 12 per cent. The output of steel works remained at about the same level as in January, while that of the rolling mills rose by about 18 per cent, when due allowance is made for the smaller number of working days in February.

The extraction and the imports of iron ores during the period under review were as follows (in tons):

		<i>Extraction</i>	<i>Imports</i>	<i>Number of men employed</i>
January	1927	36,671 ¹⁾	44,922	5,636 ¹⁾
February	1927	35,202 ²⁾	53,982	5,690 ²⁾
	1926	17,074	24,158	2,522

It will be seen by these figures that imports of iron ores reached an unprecedented level of 54,000 tons. This is to be attributed to increased demand for pig iron, in view of the possibility of a shortage of scrap iron as the result of augmented production of steel, and the possibility of suspension of the

imports of scrap iron from Germany. The output of iron foundries in February was as follows (in tons) :

		<i>Pig Iron</i>	<i>Steel Ingots</i>	<i>Rolled material</i>	<i>Number of workmen employed</i>
January	1927	42,314 ¹⁾	98,481 ¹⁾	63,349 ¹⁾	40,646 ¹⁾
February	1927	42,703 ²⁾	94,222 ²⁾	67,922 ²⁾	41,673 ²⁾
	1926	25,391	51,912	31,269	31,813

The above statement shows the improvement in the situation in the Polish iron foundries as compared with the corresponding period of last year. It is obvious therefore that the Polish iron masters were quite right when they refused to accept the proposition of the International Steel Syndicate to limit their production to a quota calculated on the basis of the output for the 1st quarter of 1926. The total export of foundry products was the same as in January last, although the quantity of pig iron and pipes diminished. The corresponding figures relating to the exchange of foundry products with foreign markets will be found in the following statement (in tons):

		<i>Exports:</i>			<i>Imports:</i>		
		<i>Total</i>	<i>Pipes</i>	<i>Pig Iron</i>	<i>Total</i>	<i>Pipes</i>	<i>Pig Iron</i>
January	1927	14,376	3,277	2,147	2,243	232	360
February	1927	14,134	2,757	1,281	3,291	242	1,206
	1926	3,616	901	1,539	1,996	130	436

The prices for foundry products have not shown any change since May 1926; according to the quotations of the Syndicate of Polish Iron Foundries, the price for rod iron was £ 325 per ton f.o.b. wagon at Chebie.

POLISH UNION OF IRON FOUNDRIES. — The long anticipated understanding between the iron foundries of the Upper Silesian and of the Radom-Kielce foundry districts, has been definitely reached, and a new Polish Union of Foundries, domiciled in Warsaw, has arisen.

The Union is faced with two very important and immediate problems: firstly, whether they shall adhere to the International Steel Cartel, which would be possible only after reaching a mutual understanding between themselves; and secondly — the final coordination of the interest of the foundries of the several districts, which was in fact the main difficulty, since the foundries of different districts worked under different conditions, with no resemblance between either their methods of work or their organisations. The conformation of those interests to each other has now been commenced by the very fact of the organisation of the Union, and will be directed along two lines: the mu-

tual organisation of outlets and the co-operative scheme for the purchase of scrap iron.

RENEWAL OF THE AGREEMENT BETWEEN THE POLISH IRON FOUNDRIES AND THOSE OF AUSTRIA, CZECHOSLOVAKIA AND HUNGARY.

— These countries were parties to an agreement guaranteeing mutual freedom from competition in each others' territories, in respect of iron and other foundry products, which expired on the 31st of March. On the 4th of March a conference of the representatives of these states was held at Düsseldorf, and it was there decided that the agreement should be renewed until the 31st of December 1927.

"HUTA POKOJU" ("FRIEDENSHÜTTE"). — When the new Polish-German frontier line was drawn in Silesia in 1922, the "Huta Pokoju" comprising blast furnaces, steel works and heavy rolling mills, was cut off from the part of its works giving more advanced mechanical treatment; while the "Bailedon" foundry, which produces finished steel, stampings, smithy products, tools, machinery parts and rolled products, found itself cut off from its source of supply of iron and steel, that is from its blast furnaces, steel works and coarse rolling mills.

In order to remove these difficulties, both foundries have been amalgamated, and from now on will form an interlocking unit, fulfilling the programme of production and furnishing the technical means therefore. A large interest in the "Bailedon" foundry is held by the "Zjednoczeni Polscy Przemyslowcy Metalowi" (United Polish Metal Manufacturers Ltd.), which is a concern for the buying up of materials for the metal industry.

At the same time far-reaching capital investments are being planned: a modern 100 ton inclined Siemens Martin furnace is being constructed to increase output and reduce costs, to replace a Thomas furnace, which proved uneconomical in use, and in order to take advantage of the productive capacity of the rolling mill, at the "Huta Pokoju", which is almost entirely mechanical, and finally for the purpose of supplying the newly purchased "Bailedon" foundry with steel. The next extension will be the re-building of one blast furnace, and of the coking plant.

"MODRZEJOWSKIE ZAKŁADY GÓRNICZO-HUTNICZE LTD." (THE MODRZEJÓW MINING AND FOUNDRY COMPANY). — This mining concern, apart from Upper Silesia the largest in Poland, which recently, as a result of its fusion with the firm "B. Hantke", increased its capital to £ 9,905,000¹⁾, has again enlarged it, issuing for this purpose a new series of shares to the amount of £ 1,050,000 at £ 14 per share. The capital of the company is at present £ 10,955,000.

ZINC AND LEAD

— The February extraction and import of zinc and lead ores, after hand selection, was as follows (in tons):

		<i>Extraction</i>	<i>Imports²⁾</i>	<i>Number of workmen employed</i>
January	1927	85,906 ³⁾	12,050	8,145 ³⁾
February	1927	81,528 ⁴⁾	15,782	8,053 ⁴⁾
	1926	92,423	6,545	9,559

It will be seen by the above figures that the output in February was practically the same as in the preceding month, while the average daily extraction

¹⁾ See "The Polish Economist" No. 4/1926, page 135.

²⁾ Enriched ores.

³⁾ Corrected figures.

⁴⁾ Provisional figures.

¹⁾ Corrected figures.

²⁾ Provisional figures.

rose by about 2 per cent. The rebuilding operations at the "Szarlej Biały" mine are being conducted with great energy; it may be recalled that they have been undertaken with the view of increasing the productive capacity of the mine; so far the output has been maintained at the same level, but during the last month a certain increase has been observed. After the completion of the extensions and improvements to the existing plant it is hoped that the extraction volume of ores raised will amount considerably.

The output of zinc and lead was maintained at the same level, despite the sales difficulties arising from the recession of prices on the London market. It is true that the quotations recovered somewhat during the latter half of February and reached £ 30.10.0; a slight upward tendency is evident, which is to be put down to the forthcoming

opening of the building season. The demand on the home market is improving, and in particular that for zinc sheets the stocks of which have become very low at the foundries.

The state of production as well as the export of zinc and lead in January are given in the following statement (in tons):

	Exports:				Number of workmen employed
	raw zinc	raw lead	zinc	lead	
Jan. 1927	11,474 ¹⁾	2,766 ¹⁾	7,342	828	1,029 12,182 ¹⁾
Febr. 1927	10,913 ²⁾	2,299 ²⁾	8,403	1,149	1,082 12,167 ²⁾
" 1926	7,850	1,605	12,056	562	1,426 11,312

"THE HENCKEL VON DONNERSMARCK-BEUTHEN" LTD.—"The Henckel von Donnersmarck - Beuthen Estates Ltd." in Karlsruhe made an agreement with the German firm "Aaron Hirsch & Sohn in Halberstadt", whereby the latter firm, which conducts a metal trade and is the owner of the "Messingwerk Reinickendorf der Hirsch Kupfer und Messingwerke A. G."

¹⁾ Corrected figures.

²⁾ Provisional figures.

works, since several months inactive, undertook wholly to supply Count Donnersmarck's foundries with zinc ores. Count Donnersmarck, on the other side, accepted the obligation to effect the sale of zinc (to the amount of from 10,000 to 13,000 tons per annum) through the agency of Messrs. "Aaron Hirsch & Sohn". Should the German "Reinickendorf" works be set in operation, the amount of zinc ore supplied to Count Donnersmarck foundries, and consequently the amount of zinc sold through Messrs. "Hirsch & Sohn" would proportionally diminish. The term of the agreement is one year.

TEXTILE INDUSTRY

STRIKE IN ŁÓDŹ. — On the 8th of March there was a strike in the textile industry at Łódź, which embraced about 120,000 persons. The strike originated on a strictly economic basis, and developed in absolute order.

The Government proposed to both parties that they should accept the decision of the arbitrator appointed by them; the proposal was agreed to, and work was resumed on the 21st of the month.

MOVEMENT OF PRICES IN FEBRUARY. — The level of prices in February did not experience any material change; the slight fluctuations, which were noticeable during this period seemed to indicate a certain irregularity testifying the absence of a well defined general tendency, thus wholesale prices increased slightly, their nominal index having risen from 195·2 *) in January to 197·4 in February, or by 1·1 per cent, while at the same time the index of retail prices declined from 255·8 to 255·2 or by 0·2 per cent; the cost of living index dropped from 201·8 to 201·3, or by 0·3 per cent. The movement of gold indexes, owing to the increase in the average monthly quotation of the Złoty, was as follows: wholesale prices rose from 112·8 to 114·4 or by 1·3 per cent; retail prices remained unchanged at 147·8, and the cost of living declined very slightly from 116·6 to 116·5. The comparison of prices ruling in February with those for the 1st half of 1925 indicate that they are maintained at a much lower level, for if the average prices for the 1st half of 1925 calculated in gold are taken at one hundred — then the February indexes will be as follows: wholesale prices — 83·6, retail prices — 83·0, cost of living — 80·4.

The increase of wholesale prices in February was caused by the even rise

of prices for agricultural and industrial products, the nominal indexes of the two basic sections having both risen by 1·1 per cent. It is worthy of note that the index in the first named section rose from 214·4 to 216·8, and of the second — from 184·8 to 186·9. Nevertheless, within each of these sections two different tendencies are evident: thus among the agricultural products the prices for articles of vegetable origin declined according to the index by 0·5 per cent, towards which end the recession of prices for grain, due to large offers of grain and flour which were tended by Russian exporters at quotations which may rightly be considered as dumping ones, had contributed. On the other hand, prices for products of animal origin rose by 3·3 per cent; in this group considerable fluctuations were observed, for instance the price of butter rose during the month by 11·9 per cent, while at the same time that of eggs declined by 21·3 per cent owing to increased supplies.

Among the manufactured articles the largest increase of 2·7 per cent was registered in textiles; this was caused by the appreciation of the prices for cotton and wool, as well as by the increase of the demand for fabrics — which was the direct consequence of the improved situation of the market, as well as to the efforts of wholesale dealers to replenish their stocks before the outbreak of the strike in the textile industry. Prices for coal remained static-

nary, those of metals declined by 0·3 per cent owing to the fall in the quotation for zinc coated sheets, zinc and lead. The upward tendency for timber, which rose by 14·6 per cent in the course of January, was arrested, prices having advanced only by 0·1 per cent in February. Finally, the "various" group comprising the remaining more important manufactured goods, showed an increase of 2·2 per cent. The advance of prices for raw hides contributed chiefly towards the rise of the index. Prices of groceries remained unchanged.

The slight decline (by 0·2 per cent) of the index of retail prices is characteristic in that it points to the stoppage of the upward tendency which has been persistent without interruption since July of last year. The decline in prices in February was due to the decrease in quotation for manufactured products and foodstuffs. Certain groceries have also receded, while the prices for some agricultural products showed a slight increase. A decline in the cost of living by 0·3 per cent has been reported for the first time since July of last year, which is to be ascribed to the decline in prices of clothing and footwear by 1·7 per cent, and of fuel by 1·3 per cent, although there was an increase in the prices for foodstuffs by 0·2 per cent. The above mentioned increases are in respect of the cost of living of a theoretical family.

*) Prices in 1914 = 100.



HOMES OF RAILWAY EMPLOYERS IN PIOTRKÓW

FAIRS AND EXHIBITIONS

POZNAŃ INTERNATIONAL FAIR.

The City of Poznań has a commercial tradition of long standing, and is thus one of Poland's vital economic centres, where natural conditions are most favourable, as it lies at the crossing of the two main arteries of trade — one from the North to the South, and the other from the West to the East. It has therefore always played an important part in the commerce between the Western and Eastern halves of Europe, and being conscious of its part it has grown accordingly in experience and in attainment.

The old tradition has been carried on by the Poznań Fair ever since the restoration of the Polish State. In the first stage of its development the Fair dealt primarily with home production, but later on, when the Polish currency became stabilised, the Poznań Fair extended its activities to foreign markets, gaining gradually an international character. In the course of the last seven years the Fair has been successful in adapting itself to modern requirements for trade exhibitions. It possesses extensive grounds, a number of reinforced concrete pavilions, large restaurants and a reception hall.

The town itself has a Western appearance and has grown exceedingly since the war, its population having increased in the last few years by more than one third, which also shows the auspicious development of the business life of the City. The traders, having always been in contact with Western Europe, are imbued with the trade ideals of their neighbours. Being the capital of Western Poland, Poznań has naturally centred in it all the business arteries of the district stretching from Danzig and Gdynia on the Baltic, to

Upper Silesia and the rest of Poland. Western Poland, be it noted, is particularly strong in agriculture, and in some branches of industry, and its buying capacity is therefore large.

The Poznań International Fair is constantly developing. It has organised a foreign trade department and intelligence office which, under the direct supervision of the Fair Manager, supplies commercial information concerning Poland to all enquirers abroad. Having 80 correspondents in all parts of the world, it is the institution which caters specially to those interested in Polish imports and exports. At home it has established close and direct relations with all organised industries.

Confidence in the success of the 7th International Fair is shown in the number of foreign demands for space which have already been received. Almost all European countries will take part in this year's Fair*). Exhibitors include for the first time Turkey, the Near and the Far East, and Brazil.

The main lines of action set for the International Poznań Fair, in accordance with the Government policy, tend to bring the commerce of every country having normal trade relations with Poland into direct contact with the Polish market.

The Poznań International Fair will take place this year from the 1st to the 8th of May.

Apart from the yearly Fair, special exhibitions have from time to time been organised in Poznań. This year two such exhibitions will take place, viz.: from the 22nd to the 29th of May — "Fire Prevention and Extinction Exhibition", and in autumn of this year — a "General Hotel and Restaurant Exhibition".

*) See "The Polish Economist" No. 3/1927, page 111.

FOREIGN TRADE

— According to the provisional returns of the Chief Statistical Office, Polish foreign trade in February 1927 increased: imports amounted to $\text{X} 193,559,000$ (or gold $\text{X} 111,991,000$), and exports amounted to $\text{X} 201,169,000$ (or gold $\text{X} 116,394,000$). This shows a rise of imports by gold $\text{X} 4,379,000$ and of exports by gold $\text{X} 607,000$ and a decline in the trade balance, though still favourable — from gold $\text{X} 8,175,000$ to gold $\text{X} 4,403,000$, in comparison with January.

The more important classes of goods are shown in the appended table.

The proportionately serious increase of imports is worthy of note; it is most clearly seen when we compare the data of January and February 1927 with the data for the corresponding period in 1926. This rise of imports, observed already for several months, has no affinity to analogous increases, such as occurred for instance in 1924 and in the first half of 1925, when the accretion of imports led to a distinctly unfavourable trade balance. Then the imports were almost solely for internal consumption, while now it is a question of a serious import of raw materials by industry, and tools for production; and this is linked directly to the revival of economic life. There is, in truth, still a large import for consumption, mainly of food-stuffs, especially of grain, caused by the poor crops in 1926, yet it is no longer exclusively of that nature, as was characteristic of 1924 and 1925. The above mentioned import of foodstuffs rose insignificantly in comparison with January — by $\text{X} 2$ million; yet, in spite of a large increase in absolute figures, the foodstuffs imported in January — February 1927, comprised but 22·6 per cent of the total imports, while during the same period in 1926, when there were almost no imports of grain and flour, due to an excellent yield of crops, foodstuff imports were 26·1 per cent of the whole.

Similarly, in the group of animal products, compared with the preceding year, the import of raw hides rose in a greater proportion than of finished articles. There is the same increase in such very important items as iron ores, artificial fertilisers, oils and fats, tanning extracts and dyes &c., and lastly textile raw materials. The import of machinery and apparatus also rose, though in a significantly lesser degree. The import of finished articles of every kind, though still large, is markedly

smaller; there is a series of items which show either a fall, or no deviation from last year's level.

There are greater changes, when compared to January 1927. The above mentioned rise of foodstuff imports was

also influenced by increased imports of grain, herrings and other fish, oils and edible fats; but the imports of fruit, especially oranges, tobacco and fodder, diminished. In the group of animal products all the items decreased, espe-

cially that of raw hides. There was a considerable rise in artificial fertilisers, while the remaining chemicals kept to their former level. The marked increase in the import of metal ores was balanced by the absence of important changes

I M P O R T S

E X P O R T S

G O O D S	Feb. 1927	Jan.-Feb.		Feb. 1927	Jan.-Feb.		G O O D S	Feb. 1927	Jan.-Feb.		Feb. 1927	Jan.-Feb.	
		1927	1926		1927	1926			1927	1926		1927	1926
		Volume — in tons			Value — in thousands of gold %				Volume — in tons			Value — in thousands of gold %	
TOTAL:	383.729	692.828	292.621	111.991	219.603	95.094	TOTAL:	1,666.437	3,506.866	2,242.775	116.394	222.181	199.883
Foodstuffs	65.374	120.357	31.923	25.756	49.565	23.533	Foodstuffs	107.904	201.137	272.059	35.668	67.612	67.492
including:							including:						
wheat	10.029	17.358	82	2.974	5.200	20	wheat	169	702	35.483	55	213	9.317
rye	18.035	24.106	902	3.766	5.184	139	rye	496	1.799	39.647	122	453	6.425
barley, oats and maize	4.999	10.512	2.582	835	1.776	467	barley	8.829	17.886	24.042	2,060	4,206	4.143
rice	3.429	6.154	2.723	1.573	2.771	1.119	oats	1.291	2.063	18.272	267	421	3.004
lemons and oranges	1.235	4.727	2.484	467	1.970	958	groats	1.024	2.143	3.191	229	465	494
tea	187	372	275	943	1.894	1.263	peas and beans	1.844	4.164	9.580	567	1.274	2.533
cocoa	370	624	330	649	1.084	680	sugar	37.290	81.348	61.460	14.594	31.610	18.014
coffee	472	986	1.057	1.280	2.655	2.863	meat	2.702	4.786	5.541	3.609	6.018	6.660
fish and herrings	10.041	19.053	10.025	3.202	6.347	4.647	butter and cheese	481	1.000	318	1.318	2.302	691
edible fats of animal origin	1.778	3.055	439	2.859	4.921	764	eggs	3.072	4.502	3.658	5.685	7.742	5.609
edible fats of vegetable origin	935	1.741	1.096	1.064	2.065	1.470	hops	85	189	36	717	1.322	271
tobacco	1.071	2.730	2.846	1.622	3.537	5.312	forage	43.474	70.682	45.749	5.277	8.565	4.156
forage	6.435	15.837	1.175	1.037	2.433	216	Live animals (head)	73.300	144.848	240.592	4.771	8.896	15.764
Live animals (head)	6.096	22.033	522	67	191	6	including:						
Animal products	3.052	5.914	2.007	7.868	14.674	4.251	pigs	35.078	71.266	152.452	4.202	7.640	10.852
including:							Animal products	1.236	2.712	4.368	1.956	3.844	4.517
dried skins	1.81	3.237	353	2.672	4.799	559	Timber and wood ware	471.592	945.724	638.311	21.529	44.529	24.429
tanned hides	503	57	589	3.282	6.342	2,531	including:						
Timber and wood ware	1.846	3.557	3.640	464	947	392	pulpwood	111.725	227.293	132.148	3.227	6.514	3.306
Plants and seeds	2.589	5.180	2.374	1.496	2.961	1.449	pit props	87.286	179.294	119.874	2.184	4.334	2.795
Building materials and ceramic prod.; glass	90.808	171.217	102.146	2.629	3.978	1.575	round wood and logs	130.267	197.792	119.085	5.591	8.406	4.833
Fuel and petroleum products	15.720	27.145	16.447	778	1.277	575	planks, deals, battens	108.928	264.791	157.855	8.026	19.477	9.592
Chemicals	73.359	104.228	39.950	13.334	24.228	8.888	railway sleepers	10.729	29.547	76.634	470	1.363	3.638
including:							veneers	1.449	3.172	2.913	608	1.290	965
chilian saltpetre	8.617	13.166	1.877	2.620	3.938	438	Plants and seeds	10.693	19.925	11.781	4.468	9.528	5.221
vegetable fats	1.585	3.714	1.999	1.734	3.781	1.966	including:						
animal fats	1.160	2.101	1.177	1.155	2.066	901	fodder seeds	7.741	13.667	6.765	3.399	7.154	2.785
Ores, metals and metal products	110.456	215.516	75.951	10.504	21.159	7.370	Building materials and ceramic prod.; glass	44.829	94.694	20.981	874	1.853	623
including:							Coal, coke and briquette	951.883	2,135.749	1,155.764	18.884	39.985	21.259
iron ores	53.982	98.904	37.313	919	1.613	712	Petroleum products	27.409	64.075	65.812	5.538	12.222	10.815
zinc	14.605	26.251	10.782	2.084	3.875	1.255	including:						
scrap iron	25.821	61.291	10.205	1.394	3.460	432	petroleum	4.829	11.751	19.486	781	1.874	1.942
copper and copper products	569	1.167	501	960	2.086	879	motor and lubricating oils	9.656	23.153	22.873	1.192	2.665	2.262
Machinery, electrical wares, means of communication	3.729	7.594	5.737	10.874	22.492	11.784	benzine	6.398	15.265	10.025	1.659	4.045	2.820
including:							paraffine wax	2.220	4.062	4.235	1.471	2.718	2.887
textile machinery	294	544	239	1.153	2.130	532	Chemicals	14.303	25.037	23.154	2.348	4.188	4.061
electrical appliances	734	1.930	1.539	2.511	5.999	2.547	Ores, metals and metal products	31.2-8	63.289	36.404	12.658	24.030	21.981
motor cars	313	503	326	1.350	2.192	1.309	including:						
Paper, books, and pictures	5.282	10.223	2.934	3.231	6.572	1.892	iron and steel; rails	5.445	10.107	960	858	1.685	223
including:							" steel sheets	4.651	8.491	957	1.503	2.707	297
waste and rags	2.579	4.934	1.431	1.419	2.815	175	pipes	2.757	6.034	2.556	941	2.068	901
paper and paper wares	1.627	3.388	1.210	1.081	2.339	907	lead	1.082	2.111	2.275	761	1.504	1.730
Textiles and textile products	11.126	21.081	9.036	31.316	62.470	28.193	zinc and zinc dust	8.403	15.745	19.788	6.556	12.338	15.887
including:							" sheets	1.149	1.977	920	1.194	1.956	865
jute	2.645	4.245	1.286	2.070	3.335	1.809	Machinery, electrical wares, means of communication	418	1.027	862	387	967	1.205
cotton	5.812	11.407	5.993	11.898	23.300	14.744							
cotton yarns	229	480	105	1.652	3.420	817	Paper, books and pictures	1.168	2.981	3.564	573	1.109	1.094
" fabrics	92	175	129	1.353	2.494	1.252							
wool (combed incl.)	1.756	3.581	1.043	8.947	18.756	5.244	Textiles and textile products	3.671	7.443	7.048	5.837	12.187	16.137
" yarns	138	310	73	1.755	4.181	805	including:						
silk fabrics	15	29	20	1.470	3.053	1.680	flax and hemp	2.692	5.259	4.785	1.129	2.173	3.475
Clothing and fancy wares	60	126	111	1.178	2.450	1.958	cotton yarns	102	255	525	392	876	2.393
Various	328	691	355	3.096	6.652	3.228	" fabrics	391	867	540	2.123	4.527	4.162
							wool yarns	95	204	196	1.061	2.196	2.577
							" fabrics	35	68	65	536	1.016	1.077
							Clothing and fancy wares	23	48	45	301	585	850
							Various	20	28	60	577	646	434

in the import of semi-finished products. Machinery and apparatus remained unchanged, with a slight downward tendency for some items. In the textile group, only jute increased seriously, while cotton showed a slight rise, and wool an inconsiderable decline; cotton and wool yarns fell, while fabrics, clothing and fancy wares remained unchanged (a slight rise in fabrics, a slight drop in the others).

In the following is given a review of exports. In comparison with the period January - February 1926, the first two months of this year also show a serious

and a fall in the export of zinc. The export of textile products was rather unfavourable, though here also a certain rise in woollen and cotton fabrics must be mentioned.

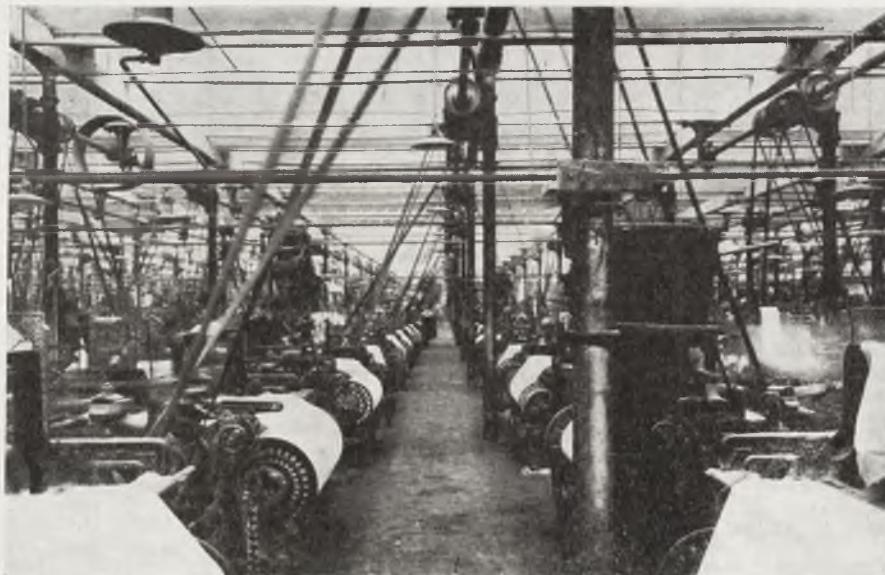
Compared with January 1927, the foodstuffs group, in spite of a further decrease in grain and sugar, in general shows an increase thanks to the considerable rise in export of eggs, milk products, meat and other products; the export of live animals appears unsatisfactory as heretofore. Timber, reviewed separately, after a marked increase in January, at present shows a slight fall;

OPENINGS FOR TRADE WITH POLAND

Particulars of any of the under-mentioned offerings may be secured on applying to the Editor, "The Polish Economist", and quoting the respective Ref. No.

The Editor accepts no responsibility for the consequences of the transactions concluded.

Ref. No. 64: Manufacturer of Polish bacon is desirous of entering into relations with foreign buyers.



COTTON WEAVING DEPARTMENT IN A ŁÓDŹ MILL

increase, though not on the same scale as the rise of imports. The largest group of exports — foodstuffs — remained on its former level, but with serious internal alterations. The export of grain, with the exception of barley, plays no important part this year. The export of sugar, butter and cheese, eggs, hops and fodder, increased, and the prices obtained were generally greater than in 1926. With the decline of live animal exports the export of animal products rose considerably. The improvement of prospects for timber caused an increase of export. The export of fertilisers also rose very considerably. The almost double export of coal made possible a very large extra rise; petroleum products remained unchanged, since the fall of oil exports was compensated for by the export of gazoline. In the metal group can be seen considerable activity in the export of iron and zinc sheets

but in view of the good prospects a material increase of exports can be counted on with the commencement of the floating season. Passing over the export of coal and oil products, described elsewhere, the revival of chemical exports must be noted, small as they are in ordinary considerations. The export of iron rose, that of zinc fell: these are reviewed in detail under their separate headings. Lastly, in the textile materials and products, with the exception of woollen fabrics, there is an insignificant fall.

Returning finally to a general appraisal of the February trade balance, in Poland, it is pointed out that the increase in imports has foremostly a productive character, closely allied with the revival of economic life.

Ref. No. 65: Polish exporter of every kind of timber seeks foreign buyers.

Ref. No. 66: Polish manufacturers of fruit syrups seek foreign buyers.

Ref. No. 67: Polish metallurgical works producing iron sheets, rails, bolts and nuts, screws, rivets, steel gas cylinders &c., is desirous of entering into relations with foreign concerns.

Ref. No. 68: Polish factories manufacturing iron and enamelled holloware, cast iron, pipes &c. seek foreign buyers.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

REDUCTION OF CUSTOMS DUTIES IN THE IMPORT OF ARTIFICIAL FERTILISERS. — In connection with the intensification of land tillage in Po-

land, the need for artificial fertilisers considerably increases from year to year. In spite of the fact that the State factory at Chorzów producing nitrates, has in the course of the last few years markedly broadened the scope of its production, and that the Government is arranging to build soon another factory, in the interior of the country, designed to produce even more than at Chorzów; notwithstanding the increase in the extraction of potassium salts, as well as of the production of superphosphates—Polish agriculture constantly feels the adverse effects of restricted supplies of all kinds of artificial fertilisers.

In order to assist agriculture, the Government, independently of marked help in the form of credits, has decided to put into effect certain customs facilities in the import of artificial fertilisers from abroad.

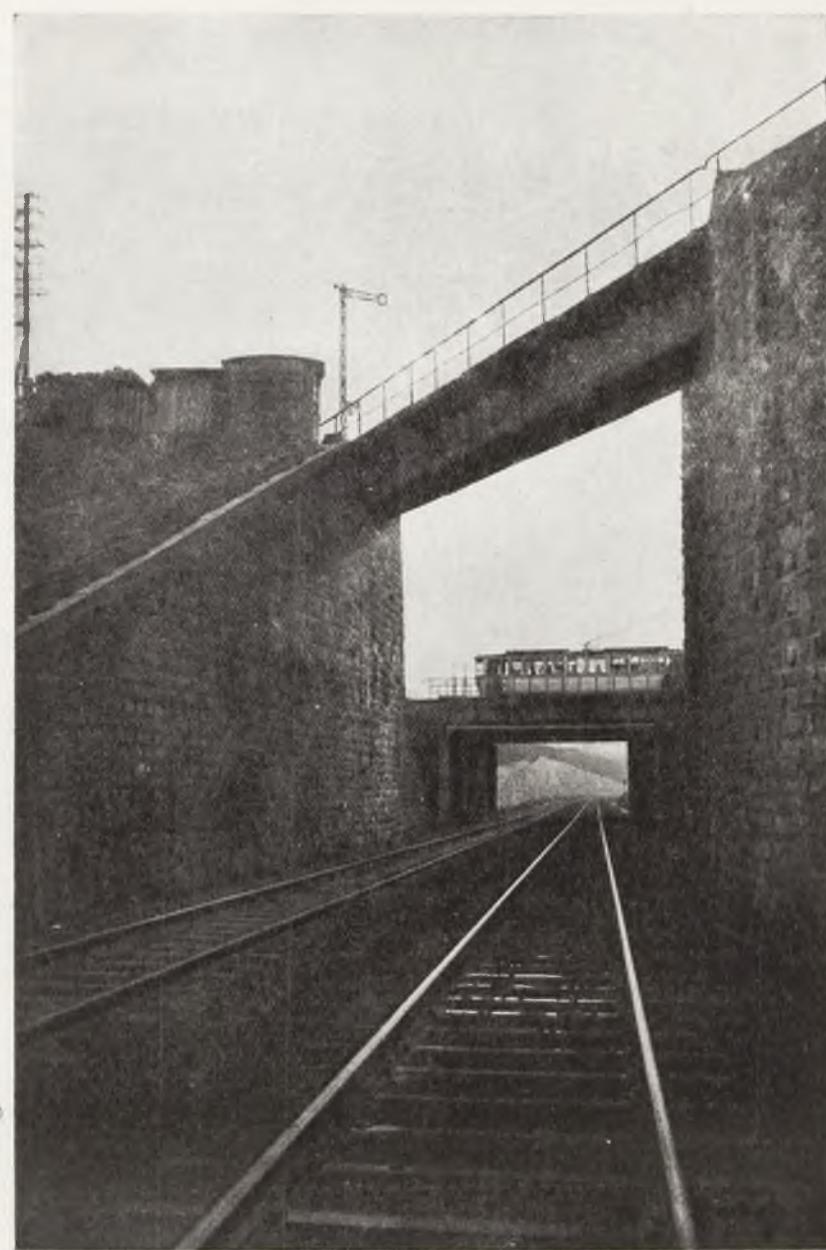
And so, foremost, by the decree of December 23, 1926 ("Dz. Ust. R. P." No. 127/1926, item 747), the Government has permitted the entrance into Poland as from March 29, 1927 of Norwegian saltpetre, free of duty. The import of this article from Norway, however, meets with certain difficulties, in view of which the importing of a certain amount of lime saltpetre from Germany, will probably be necessary. The circular of the Ministry of Finance of February 28, 1927 explains that item 103, art. 3 of the tariff includes not only pure lime saltpetre, but equally ordinary lime saltpetre containing an admixture of nitrate, or else containing ammonium sulphate to an amount not exceeding 5 per cent of the whole. The above interpretation, correct from the point of view of the country's agriculture, also enables the import into Poland without duty of lime saltpetre of German origin, and so, in this respect, the needs of agriculture will be satisfied.

Moreover, the Government, by its decree of February 21, 1927, has suspended from the 28th February to the 28th May the import duty on nitrate salts (item 103, art. 5 of the customs tariff).

CUSTOMS REBATES FOR SEED POTATOES.—In view of the fact that the spring potatoe planting season will soon begin, by executive decree dated March 11, 1927 ("Dz. Ust. R. P." No. 23, item 192) seed potatoes are allowed to be imported free of duty for the period from March 15th to June 1st 1927. Simultaneously, the railway charges for the transportation of this article are lowered.

TRANSPORTS

RAILWAY TRAFFIC IN FEBRUARY.—In February, as compared to the preceding month, there was a certain increase of traffic on the Polish State Railways, the average daily movement of goods trucks having risen from 14,558 15-ton trucks in January to 15,878 in February, or by 9·1 per cent. Compared, however, with February 1926,



A PORTION OF RAILWAY IN UPPER SILESIA

the rise was 42·7 per cent. The shortage of trucks, which had been so acute in the previous months, while less intense, still made itself felt. The shortage had been so serious that the Ministry of Communication had had to suspend, during the period of augmented deliveries of export coal, the rules regulating the order of presentation of trucks for loading in the mines. At times there arose difficulties in furnishing trucks for timber loading, whose transports, due to the season and favourable prospects, showed a marked increase.

The average daily supplies of 15-ton trucks are given below:

	January	February
loaded on the Polish State Railways	12,988	13,996
destined for local stations	9,508	10,559
destined for abroad	3,480	3,437
received from abroad	626	750
transit via Poland	944	1,132
Total:	14,558	15,878

From the above table will be seen the increase of all kinds of deliveries, with the exception of exports, which is due to the fact that the export of coal diminished considerably. The augmentation of internal shipments by 1,051 trucks per mean day is especially characteristic, and testifies to the



BEFORE THE COMMENCEMENT OF SPRING ACTIVITY
ON THE VISTULA (PHOT. S. PLATER)

awakening of economic life, linked with the approaching spring season.

The following statement illustrates the average daily loadings of the different groups of merchandise dispatched to home stations (in 15-ton trucks):

	Jan.	Febr.
coal, coke and briquettes	3,707	3,800
crude oil and petroleum products	177	173
timber	894	1,134
agricultural products	748	764
raw materials and industrial products	1,504	1,754
miscellaneous	2,478	2,934
Total:	9,508	10,559

The increase in home transports of coal by an average of 93 cars per day, in spite of the approaching finish of the winter season, is the result of the exhaustion of the home stocks during

the period of especially intensive exports: this increase was also influenced by the larger industrial orders, the improved position being indicated, among others, by the rise of the average daily movements of industrial raw materials and manufactures by 250 cars. In this group the movement of manufactured goods showed a marked average daily increase from 671 trucks in January to 852 in February, and building materials rose correspondingly from 149 to 230. The closing of the felling season and the approaching commencement of the building season caused an increase in the delivery of timber by an average of 240 trucks daily. The "various" group also showed a marked augmentation—by 456 cars daily on the average, while the remaining groups did not depict material changes.

The following statement gives the average daily car-loadings of goods dispatched to foreign countries (in 15-ton trucks):

	January	February
coal, coke and briquettes	2,290	1,864
crude oil and petroleum products	69	63
timber	849	1,179
grain	47	41
miscellaneous	225	290
Total:	3,480	3,437

The falling off of daily average export loadings, despite a marked decrease of coal deliveries (by 426 cars) and a diminution by 6 cars average daily of the crude oil and petroleum products and grain loadings, was not serious since the total only came to 43 trucks. Simultaneously with the decrease of the above products the daily average export of timber increased by 330 trucks, and of "various" by 65 trucks. In this last group is included sugar, the loadings of which increased from 23 cars (average daily) in January to 42 in February.

AMENDMENTS TO RAILWAY FREIGHT RATES. Owing to the increased difficulties in connection with the export of Polish coal by sea, through Danzig, Gdynia and Tczew, it was decided that coal transported from the inner coal areas (Katowice and Sosnowiec) to Danzig and Gdynia, should pay the former rate of $\text{Z} 9$ per ton (to Tczew $\text{Z} 8.5$ per ton), which rate had been raised last year to $\text{Z} 12$ per ton. Moreover, in order to counteract the cut rates of English coal, it was decided to lower the above mentioned rates by $\text{Z} 1$ per ton for a period of six months.

At the same time, every ton of coal exported by sea has to pay an additional $\text{Z} 0.20$ for the benefit of the fund for the promotion of shipping. In this way the rate of coal transport to Danzig, comes finally to $\text{Z} 8.20$, and to Tczew— $\text{Z} 7.70$.

In order to reimburse to the State Railways the loss arising from the above reductions, it was decided to raise slightly the internal transport tariff for coal and coke, and to increase the rates for pit props and pulpwood. This last mentioned resolution is for a special reason: pit props and especially pulpwood require very small preparation, and their export is not to be recommended and should not be abetted by railway tariffs.

PORT TRAFFIC IN FEBRUARY.—Despite the continued activity in both commerce and transport, the month of February saw certain untoward signs reflecting the depression, which has been noticeable in shipping on the Baltic during the past two months. This is confirmed by the freight rates which are below those ruling in the

period preceding the coal strike in England, and also by the diminished sea traffic.

The number of ships which called at Danzig in February was somewhat larger than in the preceding month (457 as against 452), but generally speaking they were smaller, their aggregate tonnage being 271,856 reg. tons as against 299,805 reg. tons in January. Moreover, a certain number of ships remained berthed in the port, as is evidenced by the still more marked fall in the figures of departures (476 ships with 320,943 reg. tons in January, and 423 ships with 246,637 reg. tons in February).

The nationality of the ships calling at Danzig in February was the following:

	<i>Arrivals:</i> ships reg. tons	<i>Departures:</i> ships reg. tons
Poland & Danzig	46 17,469	41 14,425
Germany	154 76,685	141 64,683
Finland	4 5,929	4 4,311
Estonia	3 2,713	2 1,302
Latvia	13 6,826	12 7,717
Sweden	136 70,263	136 76,745
Norway	20 14,542	17 11,679
Denmark	51 44,283	45 37,746
England	17 18,490	16 17,688
Holland	6 3,870	5 3,758
France	4 3,988	3 3,478
Greece	2 6,528	1 3,105
Austria	1 260	—
Total:	457 271,856	423 246,637

On the river Vistula, the estuary of which is not far off from Danzig, after the total suspension of traffic in January, transport activities were resumed in February with the assistance of ice breakers, which prevented the traffic from being very intense. The number of ships which reached Danzig through the Einlage canal was 65 totalling 10,548 reg. tons and included 29 passenger ships, 14 tugs, 2 trawlers, 20 sailing boats and barges. The departures from Danzig were 58 ships with 8,798 reg. tons, including: 27 passenger ships, 14 tugs, 1 trawler, 16 sailing boats and barges.

In Gdynia the port traffic was inconsiderable, so far the newly installed loading facilities have not been fully employed for various technical reasons. The arrivals were 21 ships with 14,288 reg. tons (in January 29 ships with 17,127 reg. tons), and the departures — 22 ships with 15,246 reg. tons (in January 28 ships with 16,894 reg. tons). The ships came in ballast and took mainly coal (32,415 tons as against 36,824 tons in January). The number of passengers taken was over 401.

The nationality of the ships, which called at Gdynia in February was the following:

	<i>Arrivals:</i>	
	<i>ships</i>	<i>reg. tons</i>
Poland & Danzig	2	1,486
Sweden	10	6,001
Germany	6	2,362
Denmark	2	2,598
France	1	1,841
Total:	21	14,288

COASTAL TRAFFIC.— The 120 klm. long belt of the Polish sea coast on the Baltic, while in German possession prior to the war, did not play any particular rôle either in communications or in foreign commercial relations. There were only a few fishing villages and a small insignificant town — Puck. It is only since the restoration of Poland, that this part of the Baltic coast has acquired a totally different aspect and significance. Here is being built the new and extensive port of Gdynia, the fishing settlements are being developed, sea side resorts have grown up. The natural conditions for the construction of the port of Gdynia, as well as for the settlement of population on the coast, are excellent, so much so that there is already a considerable activity in this part of Poland.

The question of railway and other communication with the coast is one that cannot be neglected. Railway connection with the interior has been established, and a new railway line is being constructed, which will unite the new port of Gdynia directly with the main Polish industrial centres. Certain sectors of this line are already completed.

On the other hand, the question of coastal communication by water between the different Polish coast towns and the neighbouring port of Danzig has not so far been properly regulated, as it was formerly in the hands of a number of Danzig shipping companies, and left much to be desired.

A radical change in this respect will take place in the forthcoming summer as two passenger ships of 600 tons D. W. each, carrying 750 passengers, will be completed by the International Shipbuilding and Engineering Company Ltd., Danzig, for delivery to the State Shipping Company "Zegluga Polska", Gdynia, in June next. These ships, which are to be the last word in shipbuilding of this type, will maintain a regular service between Danzig, Zoppot, Gdynia, Oxywie, the Hel peninsula, and Chyłonia, while smaller ships will serve the secondary places such as Puck, Rozewia and so on. The necessary berths and landing stages are now under construction at all the more important places.

AERIAL COMMUNICATION IN FEBRUARY.— The air service after its winter inaction, began to revive during this month. Instead of on five lines, as in January, flights were undertaken on seven lines. The number of flights made was the same as in the preceding month — 221, although the mileage was greater (63,895 km. as against 52,370 km.). The number of passengers carried was 320, the weight of goods 8,053 kg. (in January 9,602 kg.) and mail 34 kg. (in January 29 kg.).

POSTAL AIR SERVICE.— On the 15th of February the postal air service, interrupted for the winter season, was renewed on the lines: Warsaw—Prague—Strasbourg — Paris, and Warsaw — Prague—Vienna—Budapest—Belgrade—Bucarest — Stamboul; these lines are operated by the International Air Navigation Company.

Departures from Warsaw are arranged on Mondays, Wednesdays, Fridays at 12:30; arrivals to Warsaw on Tuesdays, Thursdays, Saturdays at 12:30.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN FEBRUARY.—

The month of February, as to the financial results of which not altogether ill-founded fears were entertained, was also closed with a considerable excess of revenue over expenditure, amounting to £ 17 million. The fears referred to

were responsible for a certain cutting down of State disbursements. Thus, while in previous months State expenditure fluctuated within the limits of from £ 150 to 160 million, in February it amounted to only £ 148·5 million.

Compared with January, there was a decline in the settlement of foreign debts, as no large payments fell due

during the month. Moreover, a number of Ministries, including those of Foreign Affairs, War, Interior, Land Reform, and others, effected more or less large savings. On the other hand certain increases in expenditure were shown by the Ministry of Religious Cults and Education, and that of Public Works. The increase in the disbursement of the latter Ministry

is most gratifying as it proves that money is now being spent on the various indispensable works which are so much required.

The revenue for February was considerable and, contrary to the usual expectations for the time of year, made an excellent showing; thanks to the simultaneous application of the policy of economy, the month was closed with a large surplus.

Among the chief items of revenue were public taxes and monopolies, which are dealt with in detail below; State undertakings yielded less, as the Railways did not effect any payments to the Treasury, while the transfers in respect of Posts and Telegraphs only amounted to £ 5·7 million.

The surpluses accumulated in cash

during the past few months have enabled the Government to grant credit facilities to the farmers in connection with the sowing operations. These credit facilities, which were given through the intermediary of the State banks, were extended to the owners of both large and small farms without any distinction, and were highly appreciated by the recipients, as they enabled them to bridge the gap between the last season which was poor and the forthcoming one, which it is hoped will be better.

These credits do not appear in the monthly budgets, as owing to their character, they fall under the category of short-term advances (6-9 months) which are made by the Treasury in the ordinary course of events.

The various positions are detailed below:

	Revenue	Expenditure
A) Civil service	102·8	147·8
The President of the Republic	—	0·2
The Parliament	—	0·8
State Control	—	0·4
Council of Ministers	—	0·1
Ministry of Foreign Affairs	0·7	1·8
" War	1·4	50·3
" the Interior	1·1	14·7
" Finance	89·6	7·9
" Justice	3·3	7·6
" Industry and Commerce	0·5	2·5
" Transport	—	0·3
" Agriculture	0·8	2·5
" Religious Cults and Education	0·5	26·4
" Public Works	2·6	5·9
" Labour and Social Protection	0·1	5·2
" Land Reform	0·1	0·8
Pensions	2·1	7·0
Grants to Invalids	—	9·2
State liabilities	—	4·2
B) State Enterprises	7·0	0·7
C) Monopolies	55·7	—
Total A + B + C:	165·5	148·5

TAXES IN FEBRUARY. — February is one of the most difficult months for the Treasury. In the last three years the tax revenues in February have been much lower than the average monthly revenue for the year, as shown by the following table (in millions of £):

Average monthly receipts	Receipts in February
1924	98·5
1925	110·7
1926	131·9

It is a testimony to the marked improvement of the economic situation that this year the revenue from public levies and monopolies in February (£ 141·2 million) surpassed the average monthly revenue for 1926, and was almost 50 per cent above the revenue in February 1926.

The increase of revenues over the corresponding month of last year, was caused mainly by ordinary taxes —

which rose by nearly £ 22 million and by monopolies — which returned £ 14 million.

A certain diminution of the returns must be remarked when they are compared to those of January; this is, however, easily understood, if the exceptionally unfavourable nature of the month of February from the point of view of tax collecting is taken into consideration.

Direct taxes for the month produced £ 7 million more than last year. This rise is accounted for by the increase of returns from the industrial tax (£ 10·9 million in 1926 to £ 14·6 million in 1927), and from the income tax (£ 6·0 million in 1926 to £ 8·2 million in 1927). The returns from the sugar tax also increased by nearly £ 33 million.

The improvement of the economic situation caused an increase of consumption which was immediately reflected in a rise in imports, and in greater returns from customs duties, which latter were £ 17·4 million as compared with £ 11·3 million in February last year.

It is also well to lay stress on the rise, as compared with last year, of the returns from stamp fees and extraordinary property taxes.

The monopolies brought in materially more than in 1926; however, this source of revenue has in general been keeping the level of the last few months.

The returns for the month of February were the following (in million £):

	Actual revenue: of the		
	February: 1926	1927	Jan. yearly budget
Direct taxes	25·3	32·6	41·1 27·7
Indirect taxes	7·9	12·1	14·7 9·1
Customs duties	11·3	17·4	19·2 16·7
Stamp fees	9·4	13·2	13·3 9·2
Total of the ordinary public revenues:	33·9	75·3	88·3 62·7
Property tax	2·5	4·5	5·9 5·0
10 per cent extraordinary tax	—	5·7	6·3 —
Monopolies	39·4	55·7	58·3 37·9
Total of public levies and monopolies:	95·8	141·2	158·8 105·6

STOCK EXCHANGE

FOREIGN CURRENCIES

The outstanding feature of the Warsaw Stock Exchange in February was the stability of the Złoty. This is confirmed by the appended table of the rate of exchange for the past month which shows that the Złoty scarcely altered in relation to the strong currencies and that the quotations on foreign exchanges

did not show any fluctuations. It is true, however, that having at its disposal considerable and steadily increasing cash reserves, the Bank of Poland could easily bring about the appreciation of the Złoty, but it was not considered advisable to do this for various reasons of an economic character, and for these reasons the Złoty-Dollar exchange remained unchanged.

Drafts on London, Amsterdam and Milan were quoted somewhat higher at the end of February than at the end of

January, but the limits of fluctuations being very narrow, they had no influence whatsoever on the volume of business transacted.

During the period under review the turnover in foreign drafts and foreign currencies, mainly in Dollars, was larger by about \$ 0·5 million than in January and reached over \$ 7·5 million, although the month was shorter by three days.

Little interest was displayed in foreign currencies by outside brokers, as the

bulk of transactions was done on the official Stock Exchange. The difference between the official and the private quotations of the Dollar was very small indeed, being approximately 1·5 grosz per Dollar. Private transactions made outside the Stock Exchange have now lost the speculative character which they bore in the preceding year; this is accounted for by the fact that the banks &c. are now able to purchase freely any amount of foreign currencies on the Stock Exchange.

		31.1	1—5.2	7—12.2	14—19.2	21—26.2	28.2	<i>par value</i>
Warsaw Exchange								
London	£ 1	43·43	43·50	43·51	43·51	43·52	43·51	25·22
New York	\$ 1	8·94	8·95	8·95	8·95	8·95	8·95	5·19
Paris	Fr. Fr. 100	35·30	35·28	35·23	35·23	35·10	35·12	100·—
Brussels	Belg. 100	124·25	—	—	124·70	124·77	—	100·—
Zurich	Sw. Fr. 100	172·34	172·51	172·50	172·54	172·56	172·52 $\frac{1}{2}$	100·—
Milan	Lir. 100	38·45	38·42	38·54	38·90	39·28	39·30	100·—
Amsterdam	Fl. 100	357·95	358·62	358·90	359·03	359·14	358·95	208·32
Vienna	Sh. 100	126·38	126·40	126·39	126·33	126·42	126·30	72·93
Prague	Kcz. 100	26·54	26·56	26·57	26·57	26·57	26·57	105·01
Stockholm	Kr. 100	—	—	239·50	—	—	—	138·89
Foreign Exchanges								
London	£ 1	43·50	43·50	43·50	43·50	43·50	43·50	25·50
New York	¥ 100	11·50	11·50	11·30	11·31	11·37	11·37	11·75
Zurich	¥ 100	58·50	58·56	58·17	57·50	57·77	58·—	100·—
Vienna	¥ 100	79·40	79·34	79·—	78·95	78·80	78·95	137·13
Prague	¥ 100	379·—	380·50	376·33	375·60	377·—	376·—	651·—
Berlin	¥ 100	47·25	47·33	47·05	47·—	47·01	47·05	81·—
Danzig	¥ 100	58·05	58·04	58·12	57·88	57·60	57·58	99·108

SHARES

During the period under review the share market continued to be very animated, which was reflected in the large demand for all classes of shares, with the result that quotations were firm and showed an upward tendency.

A great deal of interest was shown in bank shares. The Bank of Poland shares appreciated by ¥ 7·50, which was no doubt due to the declaration of a 10 per cent dividend for the year 1926. The shares of the "Bank Dyskontowy Warszawski" (the Warsaw Discount Bank) were 5 per cent above par while other shares also rose, the advances ranging from 4 to 50 per cent.

The Chodorów sugar factory shares reached a value of ¥ 15 above par, ex. dividend for 1925/26 amounting to ¥ 10·40 per share.

Metallurgical shares were firm and advanced from 3 to 70 per cent, Cegiel-ski and Parwozy appreciating by 70 and 60 per cent respectively, the smallest rise being reported in the case of Starachowice (3 per cent) and Modrzejów (5 per cent).

On comparing the quotations of other shares at the end of January with those obtaining at the end of February, it will be found that Zawiercie shares advanced by 110 per cent (¥ 20·42), Zyrardów—30 per cent (¥ 4·20), Standard-Nobel — 20 per cent, Borkowski — 40 per

cent, and Wysoka — 25 per cent. The table of this issue includes one of the most active shares in the electrical group, namely—"Siła & Światło". This undertaking has large financial interests in similar establishments disseminated throughout Poland. The shares of the "Siła & Światło" advanced by 200 per cent of their nominal value.

It may be of interest to add that a large volume of business in Polish securities is regularly done on the Vienna Exchange, the list of which includes the shares of various Polish industrial, banking and other undertakings such as — railway, cement, brewery, coal mining, metallurgical, textile and petroleum companies &c.

Industrial shares	31.1	1—5.2	7—12.2	14—19.2	21—26.2	28.2	Nominal
Bank Polski	111·17	110·99	112·97	104·36	103·18	108·67	ꝓ 100·—
Bank Dyskontowy Warszawski	12·63	12·48	12·46	12·64	13·07	13·15	Mk. 5.000·—
Bank Handlowy w Warszawie	4·42	4·71	4·65	5·45	5·33	5·52	Mk. 1.000·—
Bank Zachodni	2·25	2·37	2·56	2·86	2·92	3·17	Mk. 540·—
Bank Zjedn. Ziemi Polskich	1·60	1·73	1·73	1·90	2·01	2·23	Mk. 1.000·—
Bank Zw. Sp. Zarobkowych	9·08	9·31	10·45	11·49	11·80	13·63	Mk. 1.000·—
Warsaw Coal Mining Co.	90·50	89·83	88·86	90·49	90·08	90·50	ꝓ 100·—
Chodorów	—	—	106·50	110·—	115·75	—	ꝓ 100·—
Cegielski	22·25	21·63	22·70	28·81	36·58	37·75	ꝓ 50·—
Zieleniewski	—	16·25	16·06	16·77	17·88	17·75	Mk. 1.000·—
Norblin, Buch Bros. & T. Werner	106·50	104·79	106·65	109·93	122·21	121·50	ꝓ 100·—
Starachowice	2·71	2·69	2·61	2·65	2·73	2·83	Mk. 500·—
Lilpop, Rau & Loewenstein	20·93	20·28	19·90	20·07	21·88	22·92	ꝓ 25·—
Ostrowiec	13·88	14·18	14·17	14·11	17·30	17·93	Mk. 500·—
Modrzejów	7·05	6·64	6·48	6·45	6·63	7·43	Mk. 500·—
Rudzki	1·51	1·47	1·50	1·47	1·58	1·64	Mk. 500·—
Warsz. Sp. Akc. Budowy Parowozów	0·60	0·61	0·71	0·90	0·99	0·99	Mk. 500·—
Żyrardów	14·22	14·—	13·43	13·62	15·72	18·42	Mk. 540·—Rb. 250
Zawiercie	18·75	18·89	19·79	24·35	33·81	39·17	Mk. 6.000·—
Standard Nobel	3·05	2·98	3·04	3·15	3·30	3·65	Mk. 1.000·—
L. J. Borkowski (Elibor)	1·67	1·57	1·56	1·63	2·05	2·32	Mk. 216·—
Wysoka	4·70	4·70	4·78	4·87	4·99	6·—	Mk. 1.000·—
Siła i Światło	48·25	48·63	63·86	74·56	98·74	99·—	ꝓ 50·—

STATE, CITY AND LAND LOANS

During the period under review the State securities showed an improvement: thus the 10 per cent Railway Loan advanced by 1·5 per cent above par; the 5 per cent Conversion Loan advanced

by ꝓ 6·75 per one ꝓ 100 bond; other State securities also showed an upward tendency. The appended table contains the quotations of the 5 per cent Dollar Premium Loan of a nominal value of \$ 5 each; this paper was introduced on the official Warsaw Stock Exchange at the end of February; after numerous

transactions, the quotations exceeded the nominal value by ꝓ 5, but this advance fell to ꝓ 1·84 on the day preceding the drawing (March 1st). Municipal and land credit associations bonds were much in demand and advanced from 15 to 20 per cent. They were mainly bought for investment purposes.

State, Municipal & Land Loans	31.1	1—5.2	7—12.2	14—19.2	21—26.2	28.2	Nominal
8% Internal Gold Loan (conv. 1925)	97·—	97·35	98·36	98·—	97·95	98·25	Gold ꝓ 100·—
5% Conversion Loan	53·38	54·46	57·82	59·26	58·88	60·13	ꝓ 100·—
6% External Dollar Loan 1920	80·—	81·08	84·83	86·41	85·21	85·—	\$ 100·—
5% Pożyczka Serja II	—	—	—	—	50·47	48·63	\$ 5·—
10% Railway Loan (1st series)	94·—	95·—	100·83	101·—	101·42	101·50	Gold fr. 100·—
8% Bank Gospodarstwa Krajowego Bonds	84·—	84·—	84·—	84·83	85·—	85·—	Gold ꝓ 100·—
8% State Agricultural Bank Bonds	83·50	83·88	83·91	84·83	85·—	85·—	Gold ꝓ 100·—
4% Land Credit Association Bonds	38·38	—	41·75	43·19	44·75	—	ꝓ 100·—
4½% Land Credit Association Bonds	43·75	45·65	48·26	50·83	51·69	52·25	ꝓ 100·—
8% Credit Soc. of the City of Warsaw Bonds	—	68·75	75·—	81·83	81·—	80·—	ꝓ 100·—
5% Credit Soc. of the City of Warsaw Bonds	51·75	55·20	58·49	61·74	61·33	61·63	ꝓ 100·—
4½% Credit Soc. of the City of Warsaw Bonds	49·50	53·06	54·68	57·79	57·23	—	ꝓ 100·—

THE REDUCTION OF THE RATE OF INTEREST. — The situation in regard to credits on the Polish market is rapidly improving. This concerns short term credits in particular; as to long term credits, despite the fact that the rate of interest has been greatly reduced, the demand continues to be very brisk owing to the shortage of liquid capital within the country, which fact is due to its destruction by war and inflation. The improvement on the

short term credit market is reflected in the first instance by the spontaneous decline in the ratio between the discount credits granted by the Bank of Poland and those actually employed, and in the equilibrium between supply and demand on the private money market.

In connection with the improvement taking place in the credit situation, it has been found necessary to issue new regulations governing credit facilities. The Minister of Finance has accord-

ingly, by an executive decree dated February 21st 1927, reduced the legal rate of interest from 15 to 10 per cent p.a. The new rate came into force on March 1st and is applicable to all legal claims established prior to that date, with the reservation, however, that the interest at the new rate will only be payable as from March 1st. On March 11th the Bank of Poland reduced the rate of discount from 9 to 8½ per cent, and the rate of interest for term loans and open credits

from 10½ to 10 per cent. This is the fourth successive reduction of the official rate of discount; for the first time it was reduced from 12 to 10 per cent on July 7th 1926, the second from 10 to 9½ per cent on December 13th 1926, and the third from 9½ to 9 per cent on February 11th 1927.

In accordance with the executive decree of the Ministers of Finance and of Justice dated February 28th 1927, the maximum profits which banks can make in connection with credit transactions, that is interest and commission, was reduced on March 11th 1927 from 15 to 14 per cent per annum. These regulations do not include postage, danno, and stamp fees, or turnover commissions on open accounts and open credits, which latter may not exceed 4 per cent per quarter on the largest total, with the exception of the balance and franco items. In connection with loans granted against securities, with the exception of securities and goods and commission on interest, the charges should not exceed 14 per cent per annum (up to the present 15 per cent) and 2 per cent per month for the assurance of the effects, and their custody and valuation. On ordinary loans contracted before March 11th interest may exceed 14 per cent up to the nearest term of payment, which, however, may not be later than April 1st 1927.

The maximum rate of interest which may be charged in connection with loans in cash, was reduced from 24 per cent to 18 per cent.

The rates of interest charged by the Bank Gospodarstwa Krajowego were re-

duced as follows on February 15th: discount of bills of exchange of commercial firms and private persons from 12½ to 12 per cent; discount of bills of cooperatives, communal undertakings, and communal credit institutions, as well as State undertakings—from 11½ to 11 per cent; for advances against goods—from 14 to 13 per cent (plus ¼ per cent commission per quarter); for loans against interest-bearing securities: from 13 to 11½ per cent (plus ⅛ per cent commission for 6 months), for loans against State securities or those issued by the Bank Gospodarstwa Krajowego, and 13 per cent (plus ½ per cent commission per 6 months) for loans against other public securities.

The rate of interest of the Postal Savings Bank is 9½ per cent, while credits are granted only to communal savings banks and cooperative credit institutions.

BANK OF POLAND

— During the month of February the rapid rate of increase of the bullion and foreign currency reserves of the Bank of Poland was maintained, these reserves having risen in the course of the month from gold £ 296·0 million, by gold £ 39·2 million or by 13·2 per cent, to gold £ 335·2 million.

The bullion reserves increased from gold £ 144·3 million to gold £ 149·2

million, while the foreign currency reserves increased from gold £ 151·7 million to gold £ 186·0 million. The bullion reserves grew through the continued purchases of gold abroad by the Banks; thus at the end of 1926 gold purchased abroad was valued at half a million Dollars, in January of this year—at one million Dollars, and again in February—one million Dollars. Together with small purchases in the home market, the increase of the gold reserves in February reached gold £ 5·3 million; however, since at the same time the silver reserve decreased from gold £ 0·8 million to gold £ 0·4 million, the increase of the combined bullion reserves was only gold £ 4·9 million. In the foreign currency reserves the rise of the net drafts reserve (including the Bank's papers in foreign banks) from gold £ 124·9 million to gold £ 163·8 million, together with the fall of the bank note reserve from gold £ 26·8 million to gold £ 22·1 million, was noticeable. The purchase by the Bank of currency and drafts in February were gold £ 87·6 million, of which about gold £ 47·3 million were in respect of exports*). The sale of currency and drafts

*) In addition the transfers during February for exports effected in Zloty amounted to gold £ 4·4 million.

	JANUARY 31st	FEBRUARY 10th	FEBRUARY 20th	FEBRUARY 28th
Assets:				
Bullion:				
Gold in bars and cash	143,518,502·97	146,150,729·35	146,202,241·49	148,818,071·32
Silver „	802,559·91	144,321,062·88	313,847·36	406,839—
Foreign balances —	187,180,032·44	200,070,920·52	211,786,155·88	220,098,021·78
Exchange difference on currency a.c. —	132,750,622·77	147,801,743·09	152,494,151·24	165,083,343·56
Silver and token coins —	196,214·51	4,466,457·25	6,904,816·21	6,261,061·38
Bills of exchange —	319,236,953·55	320,237,259·95	377,972,491·67	329,109,880·48
Loans against securities —	10,046,090—	10,068,030—	10,454,858·02	10,797,430·14
Report —	28,526,466—	28,383,076—	28,973,076—	28,848,592—
Interest-bearing securities discounted —	197,965·98	391,989·11	540,271·94	284,296·71
Interest-bearing securities bought —	2,367,478·91	2,056,252·25	3,069,117·11	2,931,188·15
Loans to Government —	25,000,000—	25,000,000—	25,000,000—	25,000,000—
Property and fittings —	36,282,185·25	36,282,185·25	36,282,182·25	36,282,185·25
Other assets —	26,282,330·66	32,164,684·71	27,001,206·03	35,008,460·93
	912,387,402·95	953,387,174·84	977,027,316·96	1,008,929,370·70
Liabilities:				
Capital —	100,000,000—	100,000,000—	100,000,000—	100,000,000—
Reserve fund —	3,283,548·59	4,653,130—	4,653,130—	4,653,130—
Notes in circulation —	584,805,770—	585,530,600—	583,485,440—	633,548,780—
Current accounts and other liabilities:				
Government Institutions	28,611,393·84	37,865,708·86	57,633,463·06	63,752,486·12
Outstanding balances —	120,566,602·31	152,660,926·38	164,270,806·51	138,339,834—
Various —	7,417,084·13	17,003,348·20	9,964,040·52	10,470,474·37
Liabilities in foreign currencies —	13,979,859·75	14,076,662·90	13,679,970·58	13,299,159·02
Liabilities on report transactions —	21,516,369·68	21,132,938·82	21,379,069·68	20,819,983·94
Other liabilities —	32,206,774·65	20,463,859·68	21,961,396·61	24,045,523·25
	912,387,402·95	953,387,174·84	977,027,316·96	1,008,929,370·70

amounted to gold £ 47·6 million, of which gold £ 6·2 million was for the needs of State institutions. The excess of purchase over sale therefore came to gold £ 40 million, by which sum the currency reserves of the Bank were automatically increased.

The state of the bullion and foreign currency reserves on the last day of February as compared with their state on the last day of January, was as follows (in millions of gold £):

	January 31st 1927	February 28th 1927
gold	143·5	148·8
silver	0·8	0·4
foreign currencies	26·8	22·1
" exchange	124·9	163·8
Total:	296·0	335·2

In connection with the circulation of bank notes, which rose during February from £ 584·8 million to £ 633·5 million, the bullion and foreign currency cover at the end of February was 55·43 per cent, as compared with 53·21 at the end of January. Converted into Dollars, the cover amounted to \$ 64·7 millions, the circulation to \$ 70·8 millions, the latter being covered by 91·3 per cent.

The above mentioned rise in the circulation of the bank notes is worthy of note as it exceeded 8 per cent, and was mainly caused by the increase of

the bullion and foreign currency reserves, since the Bank's credit activity only showed a nominal increase in the month. The amount of bills in portfolio rose in the course of the month from £ 319·2 million to £ 329·1 million. In spite of the increase of the volume of credits granted by the Bank from £ 454 million to £ 484 million, the rate of discount credits actually employed to those granted declined from 70 per cent in January to 68 per cent in February. This low figure is to be attributed to the considerable improvement of the situation on the short term credit market, and indicates a certain saturation of the market by the discount credits of the issuing institution. In view of the lowering of the rate of interest, and the decreasing employment of credits, the Bank has gradually reduced its rate of discount: on the 11th of February, 1927 — from 9½ to 9 per cent, and on the 11th of March — from 9 to 8½ per cent. The rate of interest for loans covered by securities was simultaneously lowered from 11 per cent to 10½ per cent, and finally to 10 per cent. These loans did not show any serious changes in February, since in the course of the whole month only from £ 10·0 million to £ 10·8 million; small changes were also shown by other positions of the

bank circulation cover, with the exception of the reserve of money in silver and in token coins (which can be used as cover of the bank notes up to 5 per cent) which rose from £ 0·2 million to £ 6·3 million. The amount of report transactions rose during February from £ 28·5 million to £ 28·9 million.

The cover of the Bank's circulation rose only insensibly, and came to (in millions of £):

	January 31st 1927	February 28th 1927
bills, warrants, withdrawn securities with coupons	319·4	329·4
Polish silver coins and token money loans against securities	0·2	6·3
interest-bearing securities, the property of the Bank	10·0	10·8
liabilities of the Treasury	2·4	2·9
Total:	357·0	374·4

On the debit side of the balance sheet for the end of February the increase in the current accounts, especially in the accounts of the national treasuries, calls for attention, the balances having risen in the course of the month from £ 28·6 million to £ 63·8 million, while in the remaining current accounts the rise was from £ 120·6 million to £ 138·3 million. This speaks of the growing treasury reserves on the part of private domestic units.

LATEST NEWS

WARSAW EXCHANGE:

10.3.27	20.3.27
\$ 1 = £ 8·95	£ 8·95
£ 1 = " 43·53	" 43·55½

BANK OF POLAND:

ASSETS:	10.3.27	20.3.27
Gold and silver reserve	£ 151,899,357·98	£ 151,954,270·80
Foreign balances	" 234,754,282·97	" 236,343,499·29
Bills of exchange	" 335,043,636·57	" 344,538,773·46
Loans against securities	" 11,519,077·64	" 12,156,427·74
LIABILITIES:		
Notes in circulation	" 638,876,390—	" 627,651,390—
Current accounts	" 235,317,347·42	" 252,833,542·21
BANK NOTES COVER (bullion & foreign currencies)	57·84%	59·%

ERRATA. — Incorrect figures, owing to faulty revision, were given for the population of the cities, in the table under "Review of the Economic Situation in Poland" for January, appended to No. 3/1927 of "The Polish Economist". In the table for February, included in this number, these figures are revised.

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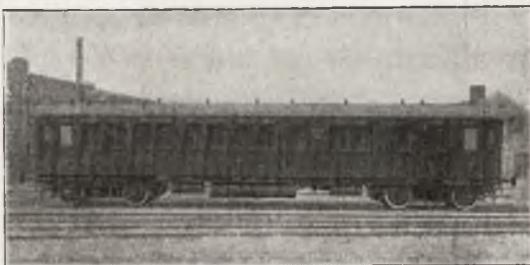
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